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VOLUME II

TRANSCRIPT OF RECORD

Supreme Court of the United States

OCTOBER TERM, 1961

No. 187

CALIFORNIA, PETITIONER,

vs.

FEDERAL POWER COMMISSION, ET AL.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS
FOR THE DISTRICT OF COLUMBIA CIRCUIT

PETITION FOR CERTIORARI FILED JUNE 28, 1961
CERTIORARI GRANTED OCTOBER 9, 1961

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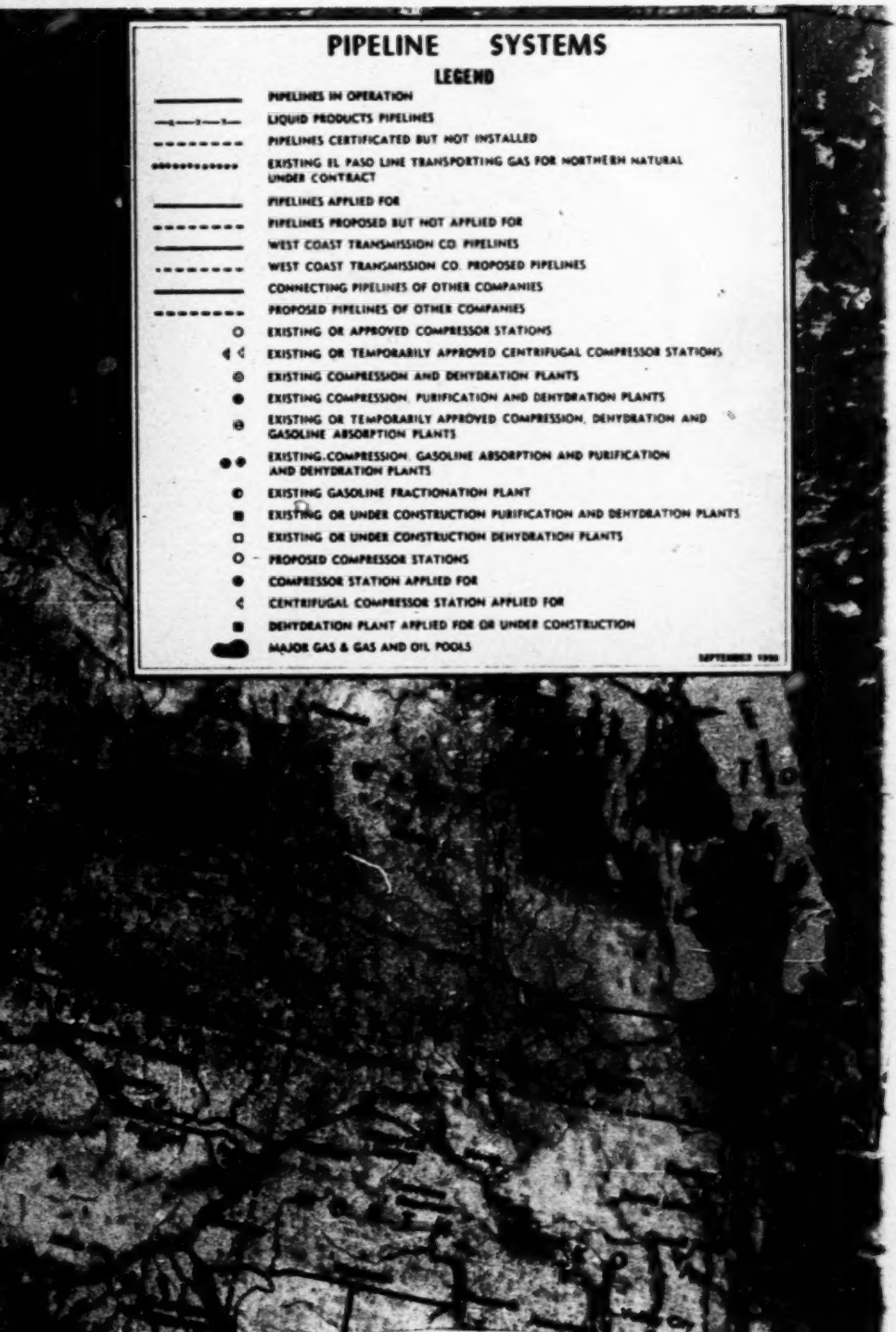
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IN THE

United States Court of Appeals

FOR THE DISTRICT OF COLUMBIA CIRCUIT

No. 15,687

PEOPLE OF THE STATE OF CALIFORNIA, *Petitioner*

v.

FEDERAL POWER COMMISSION, *Respondent*

EL PASO NATURAL GAS COMPANY, *Intervenor*

On Petition to Review an Order of the Federal Power Commission

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JOINT APPENDIX

Volume II

(R. Page 2915 to R. Page 11157)

(App. Page 363 to App. Page 1070)

Hearing Exhibit No. 2

[Cover omitted in printing]

2917

EL PASO NATURAL GAS COMPANY

Houston, Texas
November 8, 1956

Pacific Northwest Pipeline Corporation
911 M & M Building
Houston, Texas

Gentlemen:

This letter constitutes an agreement among El Paso Natural Gas Company (herein called "El Paso"), a Delaware corporation, Pacific Northwest Pipeline Corporation (herein called "Pacific"), a Delaware corporation, and each of the undersigned stockholders of Pacific (herein collectively called "Stockholders").

1. Pacific represents, warrants and agrees as follows:

(a) Attached hereto and marked Exhibit "A" is a consolidated balance sheet of Pacific and its wholly owned subsidiary, Westcoast Investment Corporation (herein called "Westcoast"), as of August 31, 1956, duly certified by Arthur Andersen & Company under date of October 4, 1956. Attached hereto and marked Exhibit "B" is a consolidated balance sheet of Northwest Production Corporation (herein called "Northwest"), as of September 30, 1956, duly certified by Arthur Andersen & Company under date of November 2, 1956. Such balance sheets and the notes accompanying them truly and correctly reflect the condition of such companies, respectively, as of the date of such balance sheets, and

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are true and correct as of the date hereof except for changes occurring in the ordinary course of business, or

as a result of expenditures incident to the construction and completion of Pacific's pipeline system, or as a result of the issuance of or agreements to issue stock by Northwest as herein contemplated, or expenditures made, or obligations incurred by Northwest incident to its drilling program, lease acquisitions, construction of a gathering system and other operations, and except for advances made by Pacific to its wholly owned subsidiary, Pacific Northwest Realty Corporation (herein called "Pacific Realty"), a Delaware corporation, not exceeding the sum of $500,000 for organization expenses and for the purpose of acquiring a site for a proposed office building in Salt Lake City, Utah.

There is no material litigation or governmental proceeding or investigation pending, or, to the knowledge of Pacific or the undersigned Stockholders, threatened against said Corporations, or of which any property interests or rights of said Corporations are the subject, except an action filed by Pacific against the State of Washington to determine whether or not it is exempt from paying Washington compensating use tax upon the use of materials and equipment which are installed as component parts of Pacific's pipeline system in that State, and except for condemnation proceedings brought by Pacific and suits for

damages now pending or threatened aggregating not more than $500,000 arising out of Pacific's right of way program.

There are, however, presently pending or threatened, claims for extra work and other compensation by subcontractors engaged in the construction, extension and completion of Pacific's pipeline system. The estimated expenditures involved in the final settlement of these claims have been included in the estimated additional cost of

approximately $13,000,000 to be incurred as disclosed by Exhibit "A" after August 31, 1956.

(b) There has been no material and unfavorable change, financial or otherwise, in the condition of Pacific, Westcoast, or Northwest (herein called in this Paragraph 1 "said Corporations") or in their ability to carry on their respective businesses between the respective dates of their balance sheets in Exhibits "A" and "B", and the date hereof, except for the changes of the nature specified in the foregoing Paragraph 1(a). Pacific is not in default in the performance of any of the terms, conditions or obligations under any of its Certificates of Public Convenience and Necessity issued to it by the Federal Power Commission, or in default in the performance of any of its obligations under the provisions of the Natural Gas Act, or the rules, regulations or orders issued thereunder, and all of Pacific's said certificates are valid and in full force

and effect. Said Corporations are not in default under any agreement to which any of them is a party, except possible immaterial defaults which can be cured and the existence of which does not impair their ability to conduct their businesses. Said corporations are not in default with respect to any order, writ or decree of any commission, court, or administrative agency.

(c) Neither the execution and delivery of this letter agreement nor the consummation of the exchange transaction herein described will result in a breach of or constitute a default under any of the terms, conditions or provisions of the Certificate of Incorporation, by-laws, mortgage, or deed of trust of any of said Corporations, or any agreement or instrument to which any of said Corporations shall be a party at the Effective Date hereinafter described.

(d) Except as permitted by this agreement, none of said corporations shall declare any dividends or make any distributions to their shareholders between the date hereof and the Effective Date.

(e) Pacific will not between the date hereof and the Effective Date of the exchange offer, as hereinafter defined, without the written consent of El Paso, issue or sell any of its common stock except as specifically permitted by Paragraph 9(a) and 9(c) hereof, and except upon

payment of or pursuant to the conversion of its presently outstanding 5.6% Series B Interim Notes in accordance with their terms.

(f) The foregoing representations and warranties will be true as of the date on which the exchange offer hereinafter described is made and on the date on which the required specified minimum number of Pacific's shares set forth in the first sentence of Paragraph 5 hereof have been deposited for exchange with the Escrow Agent referred to hereinafter and immediately prior to their exchange for El Paso Special Common Stock (which date is herein called the "Effective Date"), except in the case of Pacific that the number of shares of its outstanding common stock may have been increased by the issuance of shares as provided in Paragraph 9(a) and 9(c) or as required for the payment of, or upon the conversion of, its presently outstanding 5.6% Series B Interim Notes in accordance with their terms, except for changes occurring in the usual course of business and except for changes resulting from matters referred to and permitted under this agreement (including changes of a nature that would have been permitted under Paragraph 1(a) and 1(b) hereof but which did not in fact take place until after the

date hereof); it being recognized that Pacific may make advances to and invest in securities of its

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subsidiaries, that Pacific may continue to carry on its natural gas business and its subsidiaries may each continue to carry on its usual course of business, in each case without any limitations thereon except as expressly provided herein. If any of the representations and warranties by Pacific shall be determined to be untrue or if Pacific shall fail to carry out any agreements made herein, El Paso shall be entitled forthwith to terminate this agreement in all respects except that El Paso shall be required to perform its obligations under Paragraph 9(a) hereof under the circumstances set out in Paragraph 7(b) hereof. El Paso's remedy for the untruth of any of the representations and warranties by Pacific shall be limited to said right to terminate this agreement.

2. El Paso represents, warrants and agrees as follows:

(a) El Paso has heretofore filed with the Securities and Exchange Commission a registration statement (including a prospectus) which became effective on July 31, 1956, pertaining to 250,000 shares of 5.50% Cumulative Preferred Stock, Series 1956. A copy of El Paso's said prospectus is attached to this letter agreement as Exhibit "C".

(b) The prospectus constituting Exhibit "C" has not been supplemented or amended, and except for failure to reflect changes occurring in the ordinary course of El

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Paso's business subsequent to the date of such prospectus, it accurately describes, without the omission of any material fact, the business presently conducted by El Paso,

and its material properties, and material litigation and governmental proceedings pending or threatened; except that (1) the State of Arizona has recently levied an assessment against El Paso for additional income taxes in that State for the years 1952, 1953 and 1954 in the aggregate amount of $1,284,609.26 plus interest; (2) there has as yet been no final determination as to the extent to which the rate increases, applicable to El Paso's gas sales subject to the jurisdiction of the Federal Power Commission under the Natural Gas Act (and, by contract, applicable also to certain gas sales not subject to the jurisdiction of said Commission) which were placed in effect as of April 15, 1955, subject to possible refund, shall be permitted to remain in effect; (3) the general investigation of the rates of El Paso and its subsidiary, El Paso Gas Transmission Corporation, instituted by the Federal Power Commission on July 16, 1950, has not been formally concluded; (4) a suit against El Paso and another for commissions in the amount of $20,000 (threatened to be increased to $720,000) allegedly due on account of the purchase of pipe, (5) a suit against El Paso by certain producing companies for $140,906.16, with 6% interest from

September 30, 1944, alleged to be due to plaintiffs under purchase contracts, which has resulted in a verdict for the plaintiffs, and (6) a suit against El Paso by a former employee claiming damages in the amount of $138,550.00 resulting from alleged wrongful discharge from his employment with El Paso.

(c) There has been no material adverse change, financial or otherwise, in the condition of El Paso or in its ability to carry on its business, as described in the prospectus constituting Exhibit "C", between the date of such prospectus and the date hereof. El Paso is not in

default in the performance of any term, condition or obligation under any of its Certificates of Public Convenience and Necessity issued to it by the Federal Power Commission, nor in default in the performance of any of its obligations under the provisions of the Natural Gas Act or the rules, regulations and orders issued thereunder, and all of El Paso's said certificates are valid and in full force and effect. El Paso is not in default under any agreement to which it is a party, except for possible immaterial defaults which can be cured by El Paso, and the existence of which does not impair El Paso's ability to conduct its business. El Paso is not in default with respect to any order, writ or decree of any court, commission, or administrative agency.

(d) Neither the execution and delivery of this letter agreement nor the consummation of the transaction herein described will result in a breach of or constitute a default under any of the terms, conditions or provisions of El Paso's Certificate of Incorporation, by-laws, mortgage, deed of trust, or any agreement or instrument to which El Paso shall be a party at the Effective Date.

(e) El Paso has no present intention of disposing of any of the shares of Pacific which it may acquire in the exchange herein contemplated or of acquiring any of the assets of Pacific. El Paso will not, prior to May 1, 1957, offer, and has no present intention of offering, any consideration other than its voting stock in exchange for any of the shares of Pacific.

(f) The foregoing representations and warranties by El Paso, except for changes therein arising as a result of occurrences in the ordinary course and conduct of El Paso's business or as herein contemplated, will be true as of the date on which the exchange offer hereinafter

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described is made, as of the Effective Date and as of the date on which said exchange is completed. If any of the foregoing representations and warranties by El Paso shall be determined to be untrue, or if El Paso shall fail to carry out any of the agreements made above, Pacific or the Stockholders as a

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group shall be entitled forthwith to terminate this agreement in all respects. Pacific's and the Stockholders' remedy for the untruth of any of the representations and warranties by El Paso shall be limited to said right to terminate this agreement.

(g) It is recognized that El Paso may desire to increase its outstanding shares of common stock prior to or simultaneously with the Effective Date by splitting such stock or reclassifying it or declaring a stock dividend, and it is agreed that if this is done it will not result in any violation of the representations and warranties herein contained, provided that the number of shares of El Paso Special Common Stock, as hereinafter defined, to be delivered in exchange for common stock of Pacific shall be increased in the same proportion that the number of shares of El Paso's outstanding common stock is increased by reason of such stock split-up, reclassification or stock dividend. El Paso agrees that it will not, prior to the Effective Date, offer any common stock to its stockholders for a consideration less than the fair market value thereof or issue any preferred stock or obligations which in either case are convertible into common stock at less than the fair market value of the common stock at the date of such issue.

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3. After approval by the stockholders of El Paso of the exchange offer outlined herein and authorization of

the necessary stock to effect such offer, and after the filing of an appropriate amendment to the Certificate of Incorporation of El Paso authorizing the Special Common Stock required to make the exchange offer, and after effectiveness of a registration statement under the Securities Act of 1933 registering such stock for the purpose of such exchange offer, and after the receipt by El Paso of an opinion from Messrs. Andrews, Kurth, Campbell & Bradley, or other counsel for Pacific satisfactory to El Paso, to the effect that the outstanding shares of common stock of Pacific are validly authorized and issued, fully-paid and nonassessable, and after the receipt by Pacific of the ruling from the Internal Revenue Service described in Paragraph 7(c) below and the written assurance from Messrs. Andrews, Kurth, Campbell & Bradley that such ruling is in form satisfactory to them, and subject to the terms and conditions hereof, El Paso will, in accordance with the procedure outlined in Paragraph 7 below, offer, for a period of thirty (30) days, to exchange for each then outstanding eight (8) shares of common stock of Pacific (which shall be identical in kind with the common stock now outstanding) seven (7) shares (or a number of shares adjusted as provided in Paragraph 2(g) above)

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of Special Common Stock of El Paso as hereinafter defined. El Paso shall not be obligated in connection with the consummation of the exchange offer to issue any fractional shares of its Special Common Stock, provided that it affords in the offer, in a manner which does not destroy the tax free nature of the exchange, means by which the stockholder may, through instructions to the Escrow Agent, at his option, either sell any interest he may have in less than one share or purchase an interest sufficient to entitle him to a full share. The proposed

offer by El Paso of its Special Common Stock to the stockholders of Pacific is sometimes referred to herein as the "exchange offer".

4. Special Common Stock of El Paso as used herein means a stock having identical rights and privileges, share for share, with El Paso's presently outstanding common stock, except that such Special Common Stock shall not be entitled to participate in cash dividends paid on common stock after the date hereof and prior to January 1, 1958, up to but not exceeding $3.25 per share (with proper adjustment in said amount for any stock split-ups, stock dividends, or reclassification of common stock).

5. If prior to the expiration of the period of thirty (30) days fixed for acceptance of El Paso's exchange offer a minimum of 2,435,000 shares of the common stock of

Pacific then outstanding are deposited with an Escrow Agent selected by El Paso, in acceptance of the exchange offer, the exchange offer shall then be consummated in accordance with its terms for the shares then on deposit. The exchange offer shall remain open for 30 days from the date it is made and if within such 30 days 2,435,000 shares of the common stock of Pacific are not deposited with the Escrow Agent (i) El Paso shall have the right to extend the offering period for 15 days beyond said 30-day period on delivery of written notice of its intention so to do to Pacific and (ii) Pacific, on behalf of the Stockholders, shall have the right to require El Paso to extend the offering period for not more than 60 days beyond said 30-day period by delivering written notice of its intention so to do to El Paso; if at the expiration of such extended period (or absent such extension, at the end of said 30-day period) 2,435,000 shares of Pacific com-

mon stock have not been deposited with the Escrow Agent, then the exchange offer shall not be consummated and all of the certificates for shares of common stock of Pacific shall be returned by the Escrow Agent to the depositing stockholders.

All federal and state documentary stamps incident to the transfer, and all expenses of the Escrow Agent, shall be borne and paid by El Paso.

The exchange offer shall require *inter alia* that

whenever the Escrow Agent shall notify El Paso that it has received at least 2,435,000 shares of Pacific common stock pursuant to the exchange offer El Paso shall issue and deliver to the Escrow Agent for account of the respective depositing stockholders the shares of Special Common Stock to which such Pacific stockholders are entitled under the exchange offer against transfer and delivery to it of the deposited certificates for common stock, and that no certificates for Special Common Stock shall be so issued and delivered by El Paso unless theretofore or simultaneously therewith certificates evidencing at least 2,130,625 shares have been or are so issued and delivered.

6. Notwithstanding any other provision hereof, if the stock exchange contemplated hereunder has not been completed as to not less than 2,435,000 shares of Pacific stock prior to March 1, 1957, by unconditional issuance and delivery of certificates for El Paso Special Common Stock to Pacific stockholders or to the Escrow Agent as agent for said stockholders, and by unconditional transfer and delivery of Pacific stock to El Paso, then no stock shall be exchanged hereunder, and any certificates for Pacific stock theretofore deposited shall be returned by the Escrow Agent to the depositing stockholders; provided,

however, that Pacific, on behalf of the Stockholders, may from time to time by written notice to El Paso require El Paso to extend such date for

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completion of the stock exchange for a period of not more than sixty days after March 1, 1957 by delivering to El Paso a letter requiring such extension. If within the above period or extension thereof the stock exchange has been completed as to not less than 2,435,000 shares, then El Paso may extend its offer to other stockholders and continue exchanges pursuant to the exchange offer until May 1, 1957; but under no circumstances shall any stock be exchanged pursuant to the exchange offer after May 1, 1957.

7. To consummate the exchange offer provided for herein, the parties have agreed upon the following procedure:

(a) On November 8, 1956, meetings of the Boards of Directors of El Paso and Pacific were duly held pursuant to call, and this agreement was submitted to such Boards and approved by them.

(b) A meeting of the stockholders of El Paso shall be called and shall be held on or before December 31, 1956, and at such meeting the proposal to make the exchange offer will be submitted to the stockholders of El Paso for their approval. Failure of the stockholders of El Paso to approve such proposal at such meeting shall not relieve El Paso of the obligations assumed by it in Paragraph 9(a) hereof, but shall release the parties from performance of

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their other obligations hereunder. El Paso shall be bound to perform the obligations set forth in Paragraph 9(a)

hereof notwithstanding any failure of stockholder approval, or failure to consummate the stock exchange, except where such failure by El Paso is excused by reason of a material breach hereof by Pacific or Stockholders with respect to a matter within their control.

(c) Pacific, in cooperation with El Paso, will immediately file and diligently prosecute an application for a ruling from the Internal Revenue Service that the exchange herein contemplated will constitute a non-taxable exchange, and that no gain or loss will be recognized in connection therewith to stockholders of Pacific who exchange their stock pursuant to the exchange offer. El Paso and Pacific agree that, after the Effective Date, Pacific will not pay and discharge its 5.6% Interim Notes Series B in common stock of Pacific in such manner as to cause the exchange herein contemplated to become a taxable exchange.

(d) Prior to or immediately after approval of this agreement by El Paso's stockholders, El Paso will file a registration statement with the Securities and Exchange Commission applying for the registration of a sufficient number of shares of its Special Common Stock to carry out the exchange offer. Pacific agrees that it will cooperate

with El Paso in the preparation of such registration statement and of a proxy statement of El Paso for use in connection with its stockholders' meeting by furnishing El Paso with such information concerning Pacific as El Paso shall reasonably require for the purpose of preparing such registration statement and proxy statement.

(e) El Paso shall also diligently carry out such further steps as may be necessary to authorize the valid issuance and exchange of such Special Common Stock under ap-

plicable laws, rules and regulations of the United States and of any state affected thereby, and under its Certificate of Incorporation and By-Laws, and to list such stock on the New York Stock Exchange and any other stock exchange on which El Paso intends to have its other common stock listed on the Effective Date.

(f) The above procedural steps will be pursued by the respective parties with diligence. Upon the occurrence of the events specified in Paragraph 3 above, El Paso will transmit to each holder of record of common stock of Pacific a document making the exchange offer, a copy of the related prospectus, a copy of the ruling and an appropriate transmittal form for use by the stockholder; provided, however, El Paso shall not be required to mail the exchange offer to any stockholders of Pacific residing in a state where El Paso and Pacific have deemed it inadvisable to

qualify El Paso's Special Common Stock for offering pursuant to the exchange offer.

(g) If El Paso shall fail to mail the exchange offer with the related prospectus to the stockholders of Pacific before January 15, 1957, or before such later date to and including March 31, 1957 as Pacific may from time to time specify, either Pacific or any of the undersigned Stockholders may, in addition to any other remedies available, terminate this agreement as to it or him, provided, however, that if El Paso's failure to mail the exchange offer and related prospectus to Pacific's stockholders shall have occurred due to circumstances beyond the control of El Paso, El Paso may terminate this agreement on January 15, 1957 or said extended date, and none of the parties hereto shall have any further liability hereunder to the others, except that a termination of this agree-

ment pursuant to this subparagraph (g) shall not relieve El Paso of its obligations under Paragraph 9(a) hereof, except as provided in Paragraph 7(b) hereof.

8. Each of the undersigned Stockholders of Pacific hereby agrees that if the exchange offer is made pursuant hereto, he will accept it and deliver certificates covering his Pacific common stock to the Escrow Agent for exchange as soon as practicable within the original 30-day period of

the exchange offer; but no such Stockholder shall be liable for any default by any other such Stockholder hereunder; and no such Stockholder shall be obligated to accept said offer and deliver his stock certificates for exchange unless (a) a tax ruling has been obtained in respect of the exchange offer from the Internal Revenue Service, as contemplated by Paragraph 7(c) above, to the effect that no gain or loss will be recognized to the stockholders of Pacific who exchange their stock pursuant to the exchange offer and such ruling is in form satisfactory to Messrs. Andrews, Kurth, Campbell & Bradley, or (b) unless the representations or warranties herein of El Paso shall be true and correct, and El Paso shall have complied with or fulfilled all agreements made and obligations assumed by it hereunder theretofore to be performed by it. Each of the undersigned Stockholders of Pacific agrees that in accepting the exchange offer, and delivering certificates for his Pacific common stock pursuant thereto, he will deliver certificates for all shares of Pacific listed opposite his signature hereto and those which he may acquire between the date hereof and the date of his acceptance of the exchange offer; provided, however, that each such Stockholder shall have the right to sell shares of Pacific if the purchaser shall agree in writing with the

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seller, for the benefit of El Paso, to accept the exchange offer as to the

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shares so sold.

9. It is recognized by El Paso that Pacific is presently engaged in planning an expansion program to be commenced in the early part of 1957. In order to carry out such program and to meet its commitments to supply natural gas and to provide for the most effective and economical disposition of the products to be produced at its plant at Ignacio, Colorado, it is necessary for Pacific to proceed without delay to arrange necessary financing and to obtain commitments for additional gas sales. Pacific and Pacific Realty are presently engaged in finalizing arrangements for the financing of the acquisition of a site and construction of an office building in Salt Lake City, Utah. To permit Pacific to carry out its program, and to assure Pacific's ability to do so, without adversely affecting either its program or the stock exchange herein contemplated, El Paso agrees:

(a) That on request by Pacific it will, at any time prior to the maturity date hereinafter mentioned, lend to Pacific up to $15,000,000, which loan shall be evidenced by Pacific's unsecured promissory notes payable in New York City, to be subordinated to Pacific's other indebtedness, bearing interest at the rate of 5% per annum. Said notes shall be payable on or before December 31, 1957, at Pacific's option either (i) in cash or (ii) by the delivery to El Paso

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of shares of Pacific's common stock at the rate of one share for each $30 principal amount of the notes (accompanied by an Officer's Certificate of Pacific representing, and by an opinion of counsel for Pacific to the effect that,

such stock is legally authorized, validly issued, full-paid and nonassessable) plus the amount of interest in cash then accrued and unpaid. Said loan shall be made by advances in multiples of $1,000,000 from El Paso to Pacific as requested by Pacific, and interest shall run as against each such advance from the date when made. Pacific shall give El Paso at least 30 days' prior written notice of its desire to receive each such advance. Until December 31, 1957 or the date of payment of said notes, whichever is sooner, but in no event earlier than the Effective Date, Pacific shall not without El Paso's consent increase the number of shares of its common stock now outstanding except by issuance thereof in satisfaction of its presently outstanding commitment to an officer of Pacific mentioned herein or in satisfaction of its present obligations under its interim notes or as required by the stock option described in note (3) to its balance sheet in Exhibit "A" hereto. In the event that the principal of said notes representing advances made by El Paso to Pacific pursuant to this subparagraph (a) is paid in stock of Pacific rather than in cash, Pacific will, if requested by El Paso so to do within three years of El Paso's receipt of such stock, attempt in good faith to

register such stock at the expense of Pacific under the Securities Act of 1933 for offering by El Paso. If for any reason said loan or any portion thereof is not made within thirty days after request by Pacific therefor, Pacific may at its election, in addition to any other remedies it might have, terminate this agreement and thereby relieve itself and the Stockholders and El Paso from further liability hereunder.

(b) Pending consummation of the exchange offer, Pacific may negotiate for additional debt and other financing,

with such security and upon such terms as it may deem appropriate in amounts sufficient to cover Pacific's 1957 expansion and construction program and the acquisition of a site and the construction of a suitable office building thereon. In the event such negotiations are undertaken prior to the consummation of the exchange offer, Pacific shall notify El Paso thereof in writing, giving the terms and provisions of such financing, and El Paso shall have the option, exercisable within ten days thereafter by notice in writing to Pacific, to provide the funds required upon the same terms. If after receiving the above provided notice El Paso does not exercise its option, Pacific shall be free to enter into binding commitments providing for such financing without in any manner affecting the exchange offer.

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(c) El Paso agrees that the purchase prior to the Effective Date by an officer of Pacific for $31.00 per share of 30,000 shares of Pacific stock covered by a subscription agreement entered into subsequent to the date of the balance sheet of Pacific attached hereto as Exhibit "A" shall not in any manner affect, and that such shares shall be included in, the exchange offer.

(d) Northwest Production Corporation shall be free to continue its operations in such manner as it may determine and as may be permitted by its charter, including the completion of the following transactions:

(1) A proposed public offering of its stock to raise $6,000,000 of equity capital to finance in part an oil and products pipeline from Ignacio, Colorado, to Salt Lake City, Utah, and an alkylation or butadiene plant to be constructed in Salt Lake City; provided, however, that Northwest shall give El Paso at least 30 days' prior written notice of the proposed date and

terms of such offering and El Paso shall have the right, but shall not be obligated, at any time prior to 15 days before such proposed date either (i) to agree to purchase such stock at the proposed offering price and otherwise in accordance with the terms

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of the proposed offering or (ii) to agree to lend to Northwest the sum of $6,000,000 against Northwest's unsecured promissory note to be subordinated to Northwest's other indebtedness, maturing December 31, 1957, bearing interest at the rate of 5% per annum, with principal payable at the option of Northwest either in cash or by delivery to the holder of 1,000,000 shares of the common stock of Northwest (or in the event of any stock-split, stock dividend or stock reclassification by Northwest, a proportionately adjusted number of shares), accompanied in case of delivery of stock by a certificate of an officer of Northwest representing, and by an opinion of counsel for Northwest to the effect that, such stock is legally authorized, validly issued, full-paid and nonassessable plus the amount of interest in cash then accrued and unpaid. In the event that the principal of said note is paid in stock of Northwest rather than in cash, Pacific shall cause Northwest, if requested by El Paso to do so within three (3) years of El Paso's receipt of such stock, to attempt in good faith to register such stock at the expense of Northwest under the Securities Act of 1933 for offering by El Paso.

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(2) Its financing in the amount of $4,000,000 in the form of a bank loan to be borrowed not later than November 15, 1956 on notes maturing January 2, 1960, bearing interest at 4½% per annum, for the con-

struction of a gathering system to serve its properties in the San Juan Basin of New Mexico and Colorado, which system is to be leased to and ultimately purchased by Pacific, the purchase price being ultilized to retire the loan.

(3) Its financing in the amount of $6,000,000 in the form of a bank loan available from January 15, 1957 to July 15, 1958, against promissory notes in multiples of $250,000 bearing interest at 5% per annum payable in 20 equal quarterly installments plus the excess thereover of 65% of the gross income from producing properties, said commitment bearing a commitment fee of ½% per annum commencing November 1, 1956, snbject to termination without penalty, the proceeds to be utilized for the drilling of additional wells on its properties.

(4) Its contemplated merger with or acquisition of Western States Refining Company and Four States Western Oil Refining Company.

(5) Its contemplated merger with or acquisition of Barnhart Hydrocarbon Corporation.

(6) Additional agreements and arrangements either by way of purchase, merger, or through issuance or exchange of its stock for the purpose of acquiring directly or indirectly oil and gas leases in the general Rocky Mountain area, and to pursue generally its business of negotiating for, acquiring and exploiting oil and gas leases and the products therefrom.

10. On the Effective Date, and at any other time prior to the final completion of the exchange, when it becomes material under this agreement to determine whether or not Pacific or El Paso is in compliance with its representations and warranties hereunder, such compliance may

be evidenced by a certificate attested by the President or any Vice President and by the Treasurer or any Assistant Treasurer of the applicable company delivered to the Escrow Agent and certifying to the facts of such compliance.

11. All material legal matters in connection with the carrying out of this agreement and the making and consummation of the exchange offer shall be subject to the approval of counsel for the respective parties hereto, which approval shall not be delayed or unreasonably withheld.

12. This agreement shall be binding upon and inure to the benefit of the executors, administrators and assigns of the Stockholders.

13. Notices and other communications under this agreement shall be addressed and sent to El Paso and Pacific as follows, and shall be addressed and sent to the undersigned Stockholders by addressing them individually in care of Pacific at its indicated address:

El Paso Natural Gas Company
P. O. Box 1492
El Paso, Texas

Pacific Northwest Pipeline Corporation
M & M Building
Houston, Texas

14. Several copies of this agreement are being furnished to Pacific, and Pacific will make copies available to the various individual Stockholders intended to be parties to it. Upon the acceptance of this agreement by Pacific, and by all of the Stockholders of Pacific listed below, owning or controlling in each case the indicated number of shares of common stock of Pacific, this agreement shall be deemed duly executed and delivered and binding upon the parties in accordance with its terms. Acceptance

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by Pacific and by the individual Stockholder parties shall be accomplished by their respective execution of a copy

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of this agreement, which need not be manually signed by the other parties hereto, and the return of such executed copy to El Paso.

Very truly yours,

EL PASO NATURAL GAS COMPANY

By /s/ PAUL KAYSER

Paul Kayser, President

Accepted this 8th day of November, 1956:

PACIFIC NORTHWEST PIPELINE CORPORATION

By /s/ RAY C. FISH

Ray C. Fish, Chairman

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Accepted this 8th day of November, 1956 by the undersigned Stockholders of Pacific:

Name of Stockholder	No. of Shares of Common Stock of Pacific
/s/ Ray C. Fish Ray C. Fish	118,892
/s/ C. R. Williams C. R. Williams	43,746
/s/ S. F. Silloway S. F. Silloway	2,079
/s/ Robert R. Herring Robert R. Herring	20,000
/s/ N. V. Kinsey N. V. Kinsey	25,000
/s/ Clyde H. Alexander Clyde H. Alexander	715

Name of Stockholder	No. of Shares of Common Stock of Pacific
/s/ Alfred C. Glassell, Jr. Alfred C. Glassell, Jr.	98,212
/s/ Leon M. Payne Leon M. Payne	15,045
/s/ Franz Schneider Franz Schneider	19,157
/s/ Charles K. Schwartz Charles K. Schwartz	5,157

EXHIBIT A

AUDITORS' CERTIFICATE

To the Board of Directors,

PACIFIC NORTHWEST PIPELINE CORPORATION:

We have examined the consolidated balance sheet of Pacific Northwest Pipeline Corporation (a Delaware corporation) and its wholly-owned subsidiary company, Westcoast Investment Corporation, as of August 31, 1956. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet presents fairly the financial position of Pacific Northwest Pipeline Corporation and its wholly-owned subsidiary company as of August 31, 1956, and was prepared in conformity with generally accepted accounting principles.

ARTHUR ANDERSEN & Co.

Houston, Texas
October 4, 1956

PACIFIC NORTHWEST PIPELINE CORPORATION
AND WHOLLY-OWNED SUBSIDIARY COMPANY (NOTE 2)

CONSOLIDATED BALANCE SHEET—AUGUST 31, 1956

ASSETS

Gas Plant in Process of Construction, at original cost (Note 1)		$198,583,9
Investments in Associated Companies, at cost (Note 2).....		13,836,1
Current Assets:		
Cash	$ 4,455,474	
U. S. Government securities, at cost.....	12,914,650	
Special deposits—		
On deposit with trustee for payment of interest on 5½% interim notes to March 1, 1957.....	473,001	
Other	26,290	
Accounts receivable (including $56,891 due from Northwest Production Corporation)	1,142,038	
Other	75,056	19,086,5
Deferred Charges:		
Debt expense in process of amortization over lives of issues	$ 1,772,509	
Capital stock expense.....	217,794	
Prepaid gas purchases	2,618,711	4,609,0
		$236,116,5

(The accompanying notes are an integral part of this balance sheet.)

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Consolidated Balance Sheet—August 31, 1956

LIABILITIES

Capitalization:		
Equity capital—		
Common stock, par value $1 per share, authorized 4,000,000 shares, issued and outstanding 2,811,973 shares (Notes 3 and 5)		$ 2,811,973
Premium on common stock		20,017,453
Interest capitalized on equity funds (less $231,475 interest cost not chargeable to gas plant in process of construction and $2,990 cost of abandoned project)		1,379,106
Cumulative preferred stock, without par value, 500,000 shares authorized, none outstanding (Note 4)		—
		$ 24,208,532
Interim Notes (Note 4)—		
5½% due June 1, 1957	$ 17,220,000	
5.6% due June 1, 1958—		
Series A	5,800,000	
Series B (payable in common stock at Company's option)	4,200,000	27,220,000
Long-term debt (Notes 5 and 6)—		
First mortgage pipeline bonds	$128,200,000	
Bank loans	37,400,000	
Other notes payable ($5,654,000 payable in common stock at Company's option)	6,329,000	
	$171,929,000	
Less—Amount due within one year	100,000	171,829,000
Total capitalization		$223,257,532
Current Liabilities:		
Long-term debt due within one year (Note 5)	$ 100,000	
Accounts payable	8,106,227	
Accrued payroll	322,973	
Accrued taxes	1,952,235	
Accrued interest	2,342,920	
Other	34,324	12,858,679
Contingent Liabilities and Commitments (Notes 1 and 7)		
		$236,116,211

(The accompanying notes are an integral part of this balance sheet.)

PACIFIC NORTHWEST PIPELINE CORPORATION
AND WHOLLY-OWNED SUBSIDIARY COMPANY

NOTES TO CONSOLIDATED BALANCE SHEET

August 31, 1956

(1) Construction Program and Commitments—

The Company is in process of constructing the initial stage of its natural gas production, gathering and transmission facilities originating in the San Juan Basin of New Mexico and Colorado and extending through the Pacific Northwest to the United States-Canadian border with a design capacity of 343,000 MCF per day. The cost of such initial stage is estimated at $212,000,000 and completion is scheduled for late in 1956. The Company estimates that additional costs of approximately $13,000,000 will be incurred after August 31, 1956, to complete the initial stage of construction, and substantial commitments have been made in connection therewith.

In 1957, the Company proposes to construct additional production, gathering and transmission facilities at an estimated cost of $28,000,000, bringing the system to its maximum capacity of 646,000 MCF per day as authorized by the Federal Power Commission. Such capacity includes receipt of Canadian gas from Westcoast Transmission Company Limited scheduled to commence by November 1, 1957, as authorized by the United States and Canadian governments.

The Company, during the process of the construction program, has maintained a segregation of its construction costs which eventually will be classified into detailed prop-

erty accounts. At August 31, 1956, such segregation may be summarized as follows:

Franchises, consents, and organization expenditures	$ 1,951,112
Production plant and gathering system, including producing and non-producing leaseholds and well costs	38,478,986
Products extraction plant	4,333,575
Transmission plant—	
Land and land rights	4,516,685
Mains	106,153,026
Compressor stations	16,641,183
Undistributted items—	
Interest during construction	7,757,994
Other overheads	11,545,112
Construction costs as yet unclassified	7,206,315
	$198,583,988

The Company has filed an application with the Federal Power Commission requesting authorization to construct the additional facilities necessary to increase by 100,000 MCF per day the volumes of gas to be sold to Colorado Interstate Gas Company. The cost of such facilities is presently estimated to be approximately $27,000,000.

(2) Investments and Principles of Consolidation—

The investments of the Company in associated companies at August 31, 1956, are as follows:

Name	Common Shares Owned	Per Cent of Voting Interest	Invest at C
Consolidated (eliminated in consolidated balance sheet)—			
Westcoast Investment Corporation.....	1,000	100	$ 5,639
Unconsolidated—			
Northwest Production Corporation.....	6,664,000	69	$ 6,664
Westcoast Transmission Company Limited.....	1,127,750	25	5,638
Phillips Pacific Chemical Company.....	490	49	1,472
Other			61
Total			$13,836

(a) Includes advances of $5,638,750 and is equal to underlying book value as shown records of the company at August 31, 1956.

(b) Of which $5,664,000 represents the cost to the Company of approximately 70,00 of undeveloped oil and gas properties transferred to Northwest Production Corpora exchange for 5,664,000 shares of that company's common stock (par value $1 per Underlying book value of this investment as shown by the records of the comp August 31, 1956, is $6,711,781.

(c) Includes advances of $1,470,000.

The consolidated balance sheet of Pacific Northwest Pipeline Corporation includes the balance sheet of a wholly-owned subsidiary, Westcoast Investment Corporation, which company owns 25% (1,127,750 shares at a cost of $5,638,750) of the outstanding capital stock of Westcoast Transmission Company Limited, the Company's Canadian source of gas. All intercompany items have been eliminated. Consolidated statements of income have not been included since the companies have had no operations to date. The balance sheet of Northwest Production Corporation, which company is in the developmental stage and has had no income to date, has not been included in the consolidated balance sheet but a separate balance sheet

of this subsidiary is included in the Prospectus. The financial statements of Phillips Pacific Chemical Company, which has had no operations to date, have not been consolidated; it is not a majority owned subsidiary. Separate financial statements have not been filed for Phillips Pacific Chemical Company since such company does not constitute a significant subsidiary as defined in Rule 405 of Regulation C.

The securities of Northwest Production Corporation held by the Company and the securities of Westcoast Transmission Company Limited held by Westcoast Investment Corporation at August 31, 1956, were pledged with the Trustee under the Company's Mortgage and Deed of Trust, as supplemented and amended, securing the First Mortgage Pipeline Bonds. Market values based on bid prices at October 2, 1956, of the investments in Northwest Production Corporation and Westcoast Transmission Company Limited were approximately $40,817,000 and $28,475,000, respectively.

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(3) Common Stock—

The Company, under a restricted stock option agreement subject to stockholders' approval, has granted its president the option to purchase an aggregate of 30,000 shares of the company's common stock at a price per share of 95% of the fair market value on June 15, 1956, the date of grant. The option price per share is $27.79, or an aggregate option price of $833,625, and the market value per share at date of grant was $29.25, or an aggregate market value of $877,500. The option becomes exercisable at the rate of 6,000 shares annually on or after June 15, of each year from 1957 to 1961. The option terminates as to any unexercised portion thereof on July 15, 1961. At August 31, 1956, no options had been exercised, none were exer-

cisable and no accounting entries had been made in connection with the option agreement.

The Company has reversed 140,000 shares of common stock for the purpose of effecting conversions from time to time of the 5.6% Interim Notes, Series B, and the Preferred Stock, Class B, $5.60 Series, as explained in Note 4.

On September 21, 1956, the Company issued 10,000 shares of its authorized common stock to the stockholders of Specialty Gas Products, a nonoperating company, in exchange for all of that company's outstanding stock. For additional information, reference is made to the caption "Subsidiaries of the Company" in the Prospectus.

Reference is made to the Prospectus under the caption "Offering of Common Stock" for information with respect to the Company's proposed financing.

(4) Interim Notes and Preferred Stock—

The interim notes outstanding August 31, 1956, are payable in cash or, at the Company's option, by the delivery of cumulative preferred stock reserved for that purpose as set forth below. If paid in cash, the Company is committed under its Mortgage and Deed of Trust to raise such funds by the sale of common stock or preferred stock bearing a dividend rate not in excess of 5.6 percent. The 5.6% Series B interim notes are convertible into shares of common stock at the option of the holder at the rate of one share for each $30 principal amount of notes. The Company may redeem the Series B notes, in whole or in part, at 104% of the face amount thereof, by issuance of common stock at 90% of the then market value of such common stock.

The Company has reserved 287,000 shares of its cumulative preferred stock, $3.30 Series, for issuance in payment of the 5½% interim notes at their maturity on June 1, 1957. Such preferred stock is subject to redemption, in whole or in part, at $60 per share, plus accrued and unpaid dividends.

The Company has also reserved 100,000 shares of its cumulative preferred stock (58,000 shares Class A, $5.60 Series, and 42,000 shares Class B, $5.60 Series), for issuance in payment of the 5.6% interim notes at their maturity on June 1, 1958. Such preferred stock is subject to redemption, plus accrued and unpaid dividends, at $104 per share to April 1, 1959, such price declining 25¢ per share per year thereafter until it reaches $100 per share on April 2, 1974.

The Class B $5.60 Series preferred stock is convertible into shares of common stock at the option of the holder on or before April 1, 1961, at the rate of one share of common

stock for each $30 principal amount of preferred stock. The Company may redeem the Class B preferred stock in whole or in part at the redemption prices set forth above by issuance of common stock at 90% of the then market value of such common stock.

The preferred stock sinking fund provisions call for retirement during specified periods at not more than $60 and $100 per share, respectively, of certain percentages of the $3.30 and $5.60 Series preferred stock outstanding on certain dates as tabulated below.

$3.30 Series		$5.00 Series	
Twelve Months Ending August 31	Per Cent of Stock Outstanding September 1, 1963	Twelve Months Ending August 31	Per Cent of Stock Outstanding September 1, 1965
1964 to 1971	3%	1966 to 1972	3%
1972 to 1979	4	1973 to 1980	4
1980 and after	5	1981 and after	5

(5) Long-Term Debt—

The issues outstanding at August 31, 1956, and the amounts due within one year are as follows:

	Amount
First Mortgage Pipeline Bonds—	
4¼% Series due 1975	$ 93,200,000
4⅜% Series due 1977	35,000,000
	$128,200,000
Bank loans—	
3½% due 1958-1962	$ 26,800,000
3¾% due 1958-1962	1,500,000
3¾% due 1959-1962	5,100,000
4% due November 1, 1957	3,000,000
4¼% due November 1, 1957	1,000,000
	$ 37,400,000
Other notes payable—	
3¾% due 1965-1970	$ 5,654,000(a)
3¾% due 1957-1962 ($100,000 due within one year)	675,000
	$ 6,329,000
Total	$171,929,000

(a) The 3¾% notes due 1965-1970 of $5,654,000 are payable, at the Company's option, in common stock of the Company having a market value at the time of delivery equal to approximately 106 per cent of the unpaid balance.

The aggregate maturities of long-term debt outstanding at August 31, 1956, for each of the four years ending August 31, are as follows:

1958	$4,100,000
1959	3,850,000
1960	9,000,000
1961	9,000,000

The Company has pledged under its Mortgage and Deed of Trust, as supplemented and amended, substantially all of its natural gas supply contracts and natural gas and natural gas products sales contracts.

(6) Bank Credit Agreements –

At August 31, 1956, the Company had an agreement dated July 27, 1956, with certain banks which provided for a line of credit aggregating $13,000,000 to be available until March 1, 1957, with all such loans made thereunder to mature on November 1, 1957. The interest rate was to be 4¼% with a commitment fee of ½ of 1% from July 27, 1956, on the average daily unused portion of the loan commitment. At August 31, 1956, the Company had made no loans under this agreement. This agreement was replaced on September 18, 1956, by a commitment agreement which contained substantially the same provisions. Borrowings under this agreement are to be used in the Company's construction program, for additional working capital and for other corporate purposes.

In addition, the Company has a commitment agreement dated April 30, 1956, with certain banks providing that a line of credit in the amount of $5,000,000 will be available until November 1, 1957, to provide interim funds to expedite the Company's 1956 drilling program. The interest rate is to be ¼% per annum over the prime rate in

effect at the date of the loan. At August 31, 1956, loans outstanding under this agreement amounted to $4,000,000 ($3,000,000 at 4% and $1,000,000 at 4¼%). The balance of $1,000,000 available was drawn down September 28, 1956.

(7) Contingent Liability—

The Company has guaranteed the payment of principal and interest on certain bank loans made or to be made prior to October 1, 1957, to Phillips Pacific Chemical Company, an associated company in which Pacific Northwest Pipeline Corporation owns forty-nine per cent of the outstanding stock. The principal amount of such loans on which the Company has guaranteed payment is not to exceed $5,880,000, of which $980,000 was outstanding on August 31, 1956.

EXHIBIT B

ARTHUR ANDERSEN & CO.

ACCOUNTANTS AND AUDITORS

1700 Bank of the Southwest Building
Houston 2

November 2, 1956

To the Board of Directors,
Northwest Production Corporation:

We have examined the balance sheet of Northwest Production Corporation (a Delaware corporation) as of September 30, 1956. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet presents fairly the financial position of Northwest Production Corporation as of September 30, 1956, and was prepared in conformity with generally accepted accounting principles.

ARTHUR ANDERSEN CO.

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NORTHWEST PRODUCTION CORPORATION (NOTE 1)

BALANCE SHEET—SEPTEMBER 30, 1956

ASSETS

CURRENT ASSETS:		
Cash	$1,971,926	
Accounts receivable	63,048	$ 2,034,974
Investment in Subsidiary Company at cost (Note 2)		1,000
PROPERTIES at cost (Notes 3 and 4):		
Productive properties—		
Leasehold costs	$1,273,865	
Wells and equipment	963,804	
Undeveloped oil and gas leases	5,090,311	
Furniture and equipment	67,563	
Construction work in progress	768,530	8,164,073
		$10,200,047

LIABILITIES

CURRENT LIABILITIES:		
Accounts payable—		
Pacific Northwest Pipeline Corporation	$ 150,623	
Others	323,989	$ 474,612
CAPITAL STOCK AND SURPLUS:		
Common stock, par value $1 per share, authorized, 20,000,000 shares, issued and outstanding, 9,655,973 shares (Notes 1 and 3)		9,655,973
Paid-in surplus—		
Excess over par value of proceeds from sale of common stock	$ 281,197	
Less—Common stock issuance expense	211,735	69,462
COMMITMENTS (Notes 2 and 4)		
		$10,200,047

(The accompanying notes are an integral part of this balance sheet.)

NORTHWEST PRODUCTION CORPORATION

NOTES TO BALANCE SHEET

September 30, 1956

(1) Proposed mergers and acquisitions—

On November 2, 1956, the Company's Board of Directors approved a Merger Agreement with Western States Refining Company (Western States) an oil refining and marketing company located in Salt Lake City, Utah, whereby, subject to approval by the stockholders of both companies, Western States shall be merged into Northwest Production Corporation (Northwest), surviving corporation. Approval by the Company's Board of Directors was conditioned upon satisfactory disposition of certain certificates covering shares of Western States Refining Company's common stock which have been canceled on that Company's records, but are not in their possession. Pursuant to terms of the agreement, the exchange shall be made on the basis of issuing one share of common stock of Northwest together with one warrant to purchase an additional share for $6.00 for each three shares of common stock of Western States outstanding at effective date of the merger. The warrants are exercisable on or before December 21, 1959, and are not assignable for a period of one year from the effective date of the merger. As of the effective date, the outstanding and unexercised common stock options issued by Western States to officers, employees and underwriting firms, shall be converted into options to purchase common stock of Northwest as shown in the table below. The exercise of such option shall entitle the owner thereof to a warrant to purchase an additional share of common stock of the surviving corporation for each share of such stock purchased under the option.

The warrant may be exercised on or before December 21, 1959, at a price of $6.00 per share.

A summary of the optioned and outstanding shares of Western States common stock at September 30, 1956, together with shares, options and warrants to be issued by Northwest in exchange therefor is presented as follows:

Security	Western States Shares Outstanding or Optioned	Northwest Shares to be Issued in Exchange	Northwest Options at $4.50 per Share to be Issued in Exchange	Northwest Warrants at $6.00 per Share to be Issued
mon stock, 25¢ par value ons outstanding at $1.00 r share—	1,168,819	389,606-1/3	—	389,606-1/3
To be exercised prior to effective date	27,500	9,166-2/3	—	9,166-2/3
To be acquired in exchange for stock ons outstanding at .50 per share—	86,000	15,925	—	—
Officers and employees	150,000	—	50,000	50,000
Underwriting firms	42,000	—	14,000	14,000
	1,474,319	414,698	64,000	462,773

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Pursuant to terms of the agreement, Western States shall retire its outstanding 6% Cumulative First Preferred Stock for $184,810 (36,962 shares at $5.00 par value per share). The Ten Year 6% Sinking Fund Debentures due January 1, 1966, of Western States ($1,050,000 outstanding at September 30, 1956) shall be assumed by the surviving corporation under terms of a supplemental indenture to be executed.

In addition an exchange agreement has been executed whereby Northwest shall issue 22,000 shares of common stock and warrants to purchase an additional 22,000 shares with terms as described above in exchange for 118,100 shares of common stock of Four States-Western Oil Refining Company representing the minority interest (37.6%) of that company not owned by Western States.

It is presently estimated that this merger will be consummated during December, 1956.

In addition, the Company's Board of Directors on November 2, 1956, approved the acquisition, by merger, of Wyo-Fields Oil and Gas Company on the basis of a total of 100,000 shares of common stock of Northwest for all outstanding shares of that Company. Assets of Wyo-Fields consist primarily of approximately 224,000 net acres of nonproducing oil and gas leaseholds and approximately 11,000 net acres of royalty interest located in the States of Utah, Colorado, Wyoming, and Montana.

The Company's Board of Directors on November 2, 1956, also approved the acquisition of Barnhart Hydrocarbon Corporation on the basis of one and a half shares of common stock (total of 243,000 shares) of Northwest for each of the 162,000 outstanding shares of common stock of Barnhart. Barnhart owns and operates a natural gas processing plant for the extraction of natural gasoline and other liquid hydrocarbons having a capacity of 25 million cubic feet of gas per day.

(2) Investment in subsidiary company—

Northwest Pipeline Corporation, a wholly-owned subsidary company, was incorporated July 26, 1956, with initial capitalization of $1,000 for the purpose of constructing and operating a 500-mile crude oil and refined products pipeline system extending from Ignacio, Colorado, to Salt Lake City, Utah.

This line, to be constructed during 1957 with an initial delivery capacity of 20,000 barrels per day, is presently estimated to cost approximately $22,500,000, and substantial commitments have been made in connection therewith. Arrangements for financing this proposed project have not been completed.

(3) Organization of the company and acquisition of properties—

The Company was incorporated on May 27, 1955, by Pacific Northwest Pipeline Corporation (Pacific) which owned 6,664,000 shares (99 per cent) of the outstanding stock of the Company at September 30, 1956. Of the stock owned by Pacific, 1,000,000 shares were sold at $1.00 per share, either for cash or against cancellation of cash advances, and 5,664,000 shares were issued in exchange for certain oil and gas leases in the San Juan Basin previously acquired by Pacific for $5,664,000. Other oil and gas leases have been purchased or acquired by farmouts from other operators. The Company is presently exploring these properties and at September 30, 1956, had completed 14 exploratory wells at an average cost of $68,000 each. Three additional wells in progress at September 30, 1956, were completed as productive gas wells during October, 1956. In order to complete the initial exploration program, it will be necessary for the Company to drill from nine to twelve additional wells at an estimated average cost of $100,000 each. As oil and gas is discovered in commercial quantities, it is necessary for the Company to drill additional wells in order to develop the oil or gas reserves which are found. The cost of the Company's development program will be financed from proceeds of loans to be made on the basis of independent geologist reports pursuant to terms of a bank credit agreement dated November 1, 1956, under which the Company may borrow an aggregate amount of $6,000,000, payable quarterly, within five years from date of such loan with interest at five per cent.

The Company has executed a twenty-year Gas Sales Agreement with Pacific to sell, subject to ability to do so,

an average daily quantity of 50,000 MCF at an initial price of 12¢ per MCF. If Pacific has received authorization from the Federal Power Commission on or before July 1, 1957, to make certain additional sales, the contract volume shall be increased to 100,000 MCF per day. Partial operations under such contract commenced October 1, 1956; the Company had no income prior to that date.

(4) Proposed expansion—

Pursuant to terms of a gathering system lease and rental agreement with Pacific Northwest Pipeline Corporation, the Company will construct a gathering system estimated to cost approximately $4,000,000 as an extension of Pacific's present gathering facilities in New Mexico. A construction contract has been executed and substantial commitments have been made for the purchase of pipe in connection therewith. When completed, the system will be leased and operated by Pacific for a period of three years. On or before the expiration of such period, Pacific shall purchase the system at the Company's depreciated cost at purchase date. This construction shall be financed from the proceeds of a 4½% loan for $4,000,000 due January 2, 1960, to be drawn down on or before November 15, 1956, pursuant to terms of a bank loan agreement dated November 1, 1956.

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EXHIBIT "C" 2959

ROSPECTUS

El Paso Natural Gas Company

250,000 Shares

5.50% Cumulative Preferred Stock, Series 1956
(Par Value $100 Per Share)

HESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	Price to Public (1)	Underwriting Commissions (2)	Proceeds to Company (1)(3)
er Share	$100.00	$3.00	$97.00
otal	$25,000,000	$750,000	$24,250,000

(1) Plus accrued dividends from June 1, 1956 to date of delivery.

(2) The Company has agreed to indemnify the Underwriters against certain liabilities relating to the Registration Statement.

(3) Before deducting expenses payable by the Company, estimated at $105,000.

The shares of 5.50% Cumulative Preferred Stock, Series 1956, are being offered by the several underwriters, subject to prior sale, when, as and if issued and accepted by the Underwriters; and subject to the approval of certain legal matters by counsel, and to certain further conditions. It is expected that certificates for such stock will be ready for delivery on or about August 8, 1956 at the office of White, Weld & Co., 40 Wall Street, New York 5, N. Y., against payment therefor in New York funds.

White, Weld & Co.

The date of this Prospectus is July 31, 1956.

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No dealer, salesman or other person has been authorized to give any information or to mak any representations, other than those contained in this Prospectus, in connection with the offe contained in this Prospectus, and, if given or made, such information or representations must no be relied upon as having been authorized by the Company or by any of the Underwriters. Thi Prospectus does not constitute an offer by the Company or by any Underwriter to sell securitie in any state to any person to whom it is unlawful for the Company or for such Underwriter to mak such offer in such state. Neither the delivery of this Prospectus nor any sale made hereunder sha under any circumstances create an implication that there has been no change in the affairs o the Company since the date hereof.

REGISTRATION STATEMENT

El Paso Natural Gas Company (the "Company") has filed with the Securities and Exchang Commission, Washington, D. C., a registration statement (herein, together with all amendmen thereto, sometimes referred to as the "Registration Statement") under the Securities Act of 193 as amended, with respect to 250,000 shares of 5.50% Cumulative Preferred Stock, Series 195 of the par value of $100 per share (the "New First Preferred Stock"). For further information a to the Company and the New First Preferred Stock, reference is made to the Registration Stat ment, including the exhibits and financial statements which are a part thereof.

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IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVE ALLOT OR MAY EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN TH MARKET PRICES OF THE NEW FIRST PREFERRED STOCK AND OF THE COM PANY'S OUTSTANDING FIRST PREFERRED STOCK AT LEVELS ABOVE THOS WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILI ING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

NEW FIRST PREFERRED STOCK

The New First Preferred Stock is the sixth series of First Preferred Stock, par value $100 per share, of the Company ranking on a parity with respect to dividends and liquidation rights with the outstanding shares of First Preferred Stock. The New First Preferred Stock will be entitled to cumulative dividends from June 1, 1956 at the rate of 5.50% of the par value per annum, payable quarterly beginning September 1, 1956.

The New First Preferred Stock, commencing June 1, 1962, will be entitled to the benefits of a cumulative fixed sinking fund amounting to 2 shares for each 100 of the maximum number of shares at any one time outstanding, and, in addition, as a cumulative contingent earnings sinking fund, up to and including June 1, 1971, 1 share for each 100 of such maximum number of shares, and thereafter, 3 shares for each 100 of such maximum number of shares, but only to the extent that the proportion of the then available sinking fund net earnings which is allocable to the contingent sinking fund obligation in respect of the New First Preferred Stock shall be sufficient for such purpose. The sinking fund may be satisfied by the Company by the redemption of the New First Preferred Stock at the sinking fund redemption price of $100 per share plus accrued and unpaid dividends or by taking credit for shares redeemed at the optional redemption prices or purchased or otherwise acquired by the Company. Available sinking fund net earnings are defined in the Certificate of Designation of the New First Preferred Stock and are after provision for sinking fund obligations on the 4.10% and 4¼% Cumulative Preferred Stocks of the Company. The sinking fund for the New First Preferred Stock is subject to the restrictions referred to in subparagraph (d) under "Voting Rights and Restrictions on Certain Corporate Action", to those referred to under "Indenture Limitations on Dividends, etc." contained in the "Description of First Preferred Stock", and to any provisions which may hereafter be made in any agreement relating to indebtedness of the Company.

The New First Preferred Stock is also redeemable in whole or in part at the election of the Company at $105.50 per share if redeemed on or prior to September 1, 1957, and thereafter at optional redemption prices which are decreased 37½¢ per share in each twelve months' period until September 1, 1971, and after September 1, 1971 at $100 per share, in each case plus accrued and unpaid dividends.

The holders of the New First Preferred Stock are entitled, in the event of a liquidation, dissolution or winding up of the Company, before any distribution on junior stock, to a liquidation price of $100 per share if involuntary, and, in case such action shall be voluntary, a liquidation price per share equal to the prices set forth above at which the New First Preferred Stock is redeemable at the election of the Company.

For further information as to the terms of the New First Preferred Stock, see "Description of First Preferred Stock" herein.

The Transfer Agent for the New First Preferred Stock is The Chase Manhattan Bank, New York, N. Y., and the Registrar is City Bank Farmers Trust Company, New York, N. Y.

APPLICATION OF PROCEEDS

The net proceeds of the New First Preferred Stock will be applied to the reduction of the Company's outstanding bank loans which at June 30, 1956 aggregated $57,500,000, such bank loans having been incurred to meet in part the construction requirements of the Company. In the future the Company may incur additional bank loans to finance future construction requirements pending the consummation of permanent financing; in this connection, reference is made to the information set forth under "Expansion Program".

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SUMMARY OF CONSOLIDATED EARNINGS

The following tabulation shows a summary of the consolidated earnings of the Company and subsidiaries for the period 1951 to 1955, inclusive, and for the twelve months' period ended April 30, Such summary has been reviewed by Main and Company, independent certified public accountants, and opinion with respect thereto is included in their certificate preceding the financial statements in Prospectus. Such summary should be read in conjunction with such certificate and the financial state and related notes included in this Prospectus.

	Years Ended December 31,					Twelve
	1951	1952	1953	1954	1955	April 30
Operating Revenues						
Gas sales (a)	$61,135,177	$74,681,804	$105,638,603	$132,894,573	$161,815,357	$173
Extracted products sales	1,975,396	2,983,374	4,694,836	8,326,907	12,747,242	11
Refined products sales	—	—	—	—	1,447,628	1
Other	439,226	388,477	810,594	2,620,965	3,440,865	3
	$63,549,799	$78,053,655	$111,144,033	$143,842,445	$179,451,092	$19
Operating Revenue Deductions						
Gas purchased	$20,173,961	$24,468,832	$ 44,323,050	$ 57,420,867	$ 64,399,973	$ 6
Petroleum products purchased	—	—	—	—	1,075,225	1
Operation and maintenance	11,878,268	17,262,098	22,264,246	33,146,980	41,927,004	4
Depreciation, amortization and depletion	8,409,687	11,001,223	14,188,864	21,135,514	23,885,842	2
Taxes, other than federal income tax	2,960,477	4,094,797	4,846,901	4,987,612	5,826,601	6
	$43,422,393	$56,826,950	$ 85,623,061	$116,690,973	$137,114,645	$14
Net Operating Revenues Before Federal Income Tax	$20,127,406	$21,226,705	$ 25,520,972	$ 27,151,472	$ 42,336,447	$ 5
Other Income (Net)	234,944	183,580	584,875	757,679	462,245	
Gross Income Before Federal Income Tax	$20,362,350	$21,410,285	$ 26,105,847	$ 27,909,151	$ 42,798,692	$ 5
Income Deductions						
Interest and other charges (net)	$ 5,891,052	$ 7,004,720	$ 10,533,264	$ 14,875,513	$ 14,801,335	$ 1
Interest charged to construction — *credit*	*1,312,075*	*1,910,855*	*4,125,085*	*2,269,772*	*473,861*	
	$ 4,578,977	$ 5,093,865	$ 6,408,179	$ 12,605,741	$ 14,327,474	$ 1
Net Income Before Federal Income Tax	$15,783,373	$16,316,420	$ 19,697,668	$ 15,303,410	$ 28,471,218	$ 3
Federal Income Tax (no excess profits tax) (b)	5,032,217	4,322,000	1,358,189	2,986,000	8,084,000	1
Net Income Before Provision for Refunds	$10,751,156	$11,994,420	$ 18,339,479	$ 12,317,410	$ 20,387,218	$ 2
Provision for Rate Refunds, Less Tax (a)	—	—	1,577,614	91,867	1,322,445	
Net Income (c)	$10,751,156	$11,994,420	$ 16,761,865	$ 12,225,543	$ 19,064,773	$ 2
Dividends Paid on First Preferred Stocks (d)	$ 413,750	$ 1,333,533	$ 1,871,429	$ 2,606,368	$ 2,587,329	$ 2

(a) Gas sales include $20,794,030 resulting from increased rates made effective April 15, 1955, subject to refund under of the Federal Power Commission. Provision has been made for refund of a portion of this rate increase based the difference between a 6% rate of return found reasonable for the Company under an order of the Com dated November 26, 1954 and a 6½% rate of return claimed by the Company in its application. Provision has been made for a refund applicable to 1953 sales, pursuant to order of the Commission dated July 20, 1956 re increased rates in effect from January 1, 1953 to April 14, 1955, inclusive. See Note 9 to financial statem "Rates" herein for additional details.

(b) The amounts shown for federal income tax have been adjusted as follows, as the result of agents' examinations of for 1951, increased by $182,217; for 1952 and 1953, decreased by $123,000 and $541,811, respectively.

(c) Net income has been increased as follows, due to the reduction of net interest expense and federal income tax as a resu deduction of intangible drilling costs and interest and taxes during construction for federal income tax purposes but co such items for all other purposes as permitted by the rules of the Federal Power Commission: 1951, $3,117,78 $5,007,090; 1953, $9,632,092; 1954, $4,970,269; 1955, $6,997,886; twelve months ended April 30, 1956, $7,114,260.

(d) The annual dividend requirements on the First Preferred Stock will aggregate $3,956,938, after giving effect to the of the New First Preferred Stock.

CAPITALIZATION

The following shows the capitalization of the Company and its consolidated subsidiaries at June 1, 1956 and adjusted to give effect to (a) the issuance of the New First Preferred Stock and the repayment from the proceeds thereof of $24,000,000 of the Company's Notes Payable to Banks, and (b) the retirement of Secured Debt by sinking fund to July 1, 1956.

	Authorized by Indenture or Charter (1)	Outstanding at June 1, 1956		As Adjusted	
		Shares	Amount	Shares	Amount
Funded Debt:					
First Mortgage Pipe Line Bonds—Company	$850,000,000(2)(3)		$355,149,000		$352,649,000(4)
First Mortgage Pipe Line Bonds of subsidiary	5,000,000(2)		2,775,000		2,700,000
First Mortgage Note of subsidiary	No Indenture		2,916,236		2,916,236
Secured Debt:(5)					
Sinking Fund Debentures	$ 54,000,000(3)		38,800,000		38,800,000
3% and 3½% Notes Payable to Banks due 1956	No Indenture		43,300,000		33,500,000(6)
4% Note Payable to Bank due 1960	No Indenture		10,000,000		None (6)
4% Note Payable due 1960	No Indenture		1,200,000		1,200,000
Total Debt Securities			$454,140,236		$431,765,236(4)
Capital Stock and Surplus:					
First Preferred Stock $100 par value	1,000,000 shs.(7)	487,250(8)	$ 48,725,000	737,250(8)	$ 73,725,000
Second Preferred Stock, no par value	472,288 shs.				
$4.40 Convertible, Series of 1954	300,000 shs.	257,337(9)	$ 25,733,700	257,337(9)	$ 25,733,700
Common Stock $3 par value	6,500,000 shs.(10)	5,047,245(9)	$ 15,141,735	5,047,245(9)	$ 15,141,735
Premium on Capital Stocks			85,536,779		85,536,779
Capital Surplus (at April 30, 1956)			213,373		213,373
Earned Surplus (at April 30, 1956)			33,807,574		33,807,574
Total Common Stock Equity			$134,699,461		$134,699,461
Total Capitalization			$663,296,397		$665,923,397(4)

The figures shown in this column do not give effect to the retirement of Debentures or shares of First Preferred Stock or Second Preferred Stock through the operation of sinking funds, by conversion into Common Stock or otherwise. Debentures or First Preferred Stock so retired, and Second Preferred Stock retired otherwise than upon conversion into or exchange for Common Stock, may not be reissued.

Amount which may be outstanding at any one time.

For information as to the eleven outstanding series of the Company's Bonds and the three outstanding issues of the Company's Sinking Fund Debentures, see Note 8 to the Financial Statements.

An additional $66,000,000 of First Mortgage Pipe Line Bonds are issuable prior to December 31, 1957 pursuant to bond purchase agreements with certain institutional investors.

The Company has guaranteed payment of principal and interest on a 4% note of one of its gas suppliers in the principal amount of $750,000 due December 31, 1958. There are also balances due to others on purchases of gas rights and gas plant amounting to $1,522,262 as of April 30, 1956.

See "Application of Proceeds". Since June 1, 1956 the principal amount of Notes Payable to Banks has been increased to $47,500,000.

Reflects increase in shares authorized at meeting of stockholders on July 25, 1956.

Includes 13 shares held for application against sinking funds. For information as to the five outstanding series of the Company's First Preferred Stock, see Note 6 to the Financial Statements.

Does not reflect retirement of 1954 Series Second Preferred Stock or issuance of shares of Common Stock upon conversion of the 1954 Series Second Preferred Stock after June 1, 1956. Common Stock includes 2,442 treasury shares of Common Stock.

Includes, as of June 1, 1956, an aggregate of 624,154 shares of Common Stock reserved for issuance upon conversion of the outstanding 1954 Series Second Preferred Stock and Common Stock Scrip Certificates.

RETIREMENT OF BONDS AND DEBENTURES

The Mortgage Debt and Sinking Fund Debentures of the Company and consolidated s
sidiaries outstanding June 1 1956 (adjusted to give effect to the issuance of $66,000,000 Fi
Mortgage Pipe Line Bonds which remain to be issued pursuant to bond purchase agreemen
are required to be retired at maturities or through the operation of sinking funds in accordance w
the following schedule.

Period	Mortgage Debt	Sinking Fund Debentures	Total
1956	$ 11,663,840	$ 2,400,000	$ 14,063,840
1957	20,790,062	4,800,000	25,590,062
1958	21,213,360	2,600,000	23,813,360
1959	24,386,809	2,900,000	27,286,809
1960	24,620,415	2,900,000	27,520,415
1961	26,224,187	2,900,000	29,124,187
1962	26,228,131	2,900,000	29,128,131
1963	27,232,256	2,900,000	30,132,256
1964	27,237,570	2,900,000	30,137,570
1965	27,173,081	2,900,000	30,073,081
1966	25,977,798	2,900,000	28,877,798
1967	25,932,732	2,900,000	28,832,732
1968	26,487,891	2,900,000	29,387,891
1969	26,733,286		26,733,286
1970	26,753,929		26,753,929
1971	26,759,829		26,759,829
1972	30,015,999		30,015,999
1973	322,452		322,452
1974	1,086,609		1,086,609
	$426,840,236	$38,800,000	$465,640,236

Notes:

(1) The Indenture under which the Bonds are issued and the Indenture relating to the $30,000,000 princ
amount of 4½% Sinking Fund Debentures due 1968, contain provisions relating to gas supply which under cert
circumstances may accelerate the sinking fund payments for such Bonds (other than the $28,485,000 princ
amount of the two series due June 1, 1966) and such Debentures.

(2) Reference is made to "New First Preferred Stock" for sinking fund requirements on the New Fi
Preferred Stock and to Note 6 to the Financial Statements for information as to the sinking fund requirem
on the outstanding First Preferred Stock and Second Preferred Stock.

BUSINESS

The Company was incorporated in Delaware on November 28, 1928. Its principal execut
offices are located in El Paso, Texas, in a modern office building owned and operated by a whol
owned subsidiary. The Company's principal business is the ownership and operation of a pi
line system for the transmission and sale of natural gas, supplying customers in west Tex
southern and northwestern New Mexico and in Arizona and delivering gas at the Arizona-Ca
fornia boundary to distribution companies which transport the gas so delivered to connecti
with their distribution systems located in California and Nevada.

The original pipe line system which extended from Lea County, New Mexico to El Pa
Texas, was completed in 1929, and was subsequently extended to Phoenix and other areas
Arizona. The Company's system by 1946 included approximately 2,000 miles of main and bran
transmission lines, with a delivery capacity of about 146 million cubic feet of gas per day.
July, 1946 the Company commenced a major expansion program which has been carried out
several successive stages and has greatly increased the size and scope of its properties and oper
tions and the volume of its business. During the period from July, 1946 through December, 19
the Company has expended approximately $532,000,000 to effect this expansion program.

At December 31, 1955 the system included 6,419 miles of main and branch transmission lines. The delivery capacity of the Company's main transmission pipe lines is approximately 1,888 million cubic feet of natural gas per day, including about 1,501 million cubic feet per day from the Permian Basin and Texas Panhandle areas and 387 million cubic feet per day from the San Juan Basin. The foregoing figures are exclusive of certain intrastate and field sales of gas of about 200 million cubic feet per day and the delivery of up to 300 million cubic feet per day of "exchange gas" to Northern Natural Gas Company pursuant to the arrangement referred to below under "Gas Sales", and also do not include the capacity of the separate pipe line system of the Company's subsidiary, Utah Natural Gas Company, for the delivery of up to 50 million cubic feet per day to the Provo and Salt Lake City areas in Utah. The Company is now engaged in a construction program which will provide an additional capacity of 450 million cubic feet per day and which is expected to be substantially completed not later than July 1, 1957, thus bringing the total delivery capacity of the Company's main transmission pipe lines to approximately 2,338 million cubic feet per day.

The principal sources of the consolidated gross revenues of the Company and its subsidiaries, including Utah Natural Gas Company, for 1955 were as follows:

Public Utilities: for resale for domestic, commercial and industrial uses, and for generating electricity	$150,335,508	83.8%
Copper mining, smelting and refining customers	7,720,409	4.3%
Other gas sales	3,759,440	2.1%
Natural gasoline and other products	14,194,870	7.9%
Miscellaneous revenues	3,440,865	1.9%
	$179,451,092	100.0%

The largest volumes of the Company's gas sales are made under long-term contracts with Southern California Gas Company and Southern Counties Gas Company of California (the "Southern California Companies"), which through their distribution systems supply natural gas for most of the domestic, commercial and industrial gas requirements of Southern California, including Los Angeles, and with Pacific Gas and Electric Company ("Pacific"), which distributes and sells electric energy and natural gas throughout a large part of central and northern California, including the San Francisco Bay area. The other customers include Nevada Natural Gas Pipe Line Company, which serves Las Vegas, Nevada, and environs, and 64 customers in west Texas, New Mexico and Arizona, six of which purchase gas at field delivery points for use in carbon black plants and miscellaneous field purposes. The other 58 customers include utility companies and municipalities purchasing gas for distribution to approximately 385,000 gas customers, utility companies purchasing gas for use in the generation of electric power, copper mining and other mining companies, and various other industrial consumers. Of the total revenues to the Company from the sales of gas during the twelve months ending April 30, 1956, revenues from gas sales to the Southern California Companies and Pacific amounted to 37.65% and 36.50%, respectively, while the revenues from gas sales to the five largest of the above-mentioned 64 customers were 6.69%, 2.69%, 2.07%, 2.03% and 1.23%, respectively.

While the California companies anticipate further increases in the demand for gas, the sources of natural gas available to them within the State of California are expected to continue to decline. As stated under "Expansion Program", 350 million of the 450 million cubic feet per day additional capacity referred to above will be used to make additional deliveries to the California companies. Moreover, since the initiation of the 450 million cubic feet per day expansion program, the Company has applied to the Federal Power Commission for authorization to construct additional facilities to supply the California companies with an additional 150 million cubic feet of natural gas per day.

The map included herein shows the general location of the pipe lines and other principal facilities comprising the present systems of the Company and its subsidiaries (other than the pipe line of Utah Natural Gas Company in Utah), and the proposed additional pipe line and other

facilities for which applications have been approved by, or are pending before, the Federal Power Commission.

The Company is also engaged in the business of exploring for and producing oil and gas. During the past four years the Company has intensified its activities and has expended substantial sums in exploring for gas and acquiring gas reserves in place, in order to supplement the natural gas supplies available to it under purchase contracts and from reserves already owned. Pursuant to that program, the Company has obtained gas rights (and, in some instances, oil rights also) under leases covering large tracts of lands in various States and British Columbia, Canada. In addition, the Company and others associated with it are engaged in exploration work on off-shore acreage off the Louisiana coast. Further information with respect to the production properties of the Company is set forth herein under the caption "Gas and Oil Interests".

Subsidiary Companies

The Company owns varying percentages of outstanding capital stock of several subsidiary companies, including the following:

Utah Natural Gas Company. The Company owns 99.9% of the outstanding shares of capital stock of Utah Natural Gas Company ("Utah Natural"), which operates a 64 mile, 18-inch, pipe line extending from the Clear Creek field of central Utah to a point near Provo, Utah, where gas deliveries are made to Mountain Fuel Supply Company for distribution in the Provo-Salt Lake City area. Deliveries of gas averaged approximately 37 million cubic feet per day during 1955. Utah Natural has contracts with Three States Natural Gas Company and others for the purchase of all of Utah Natural's requirements of natural gas for delivery under its contract with Mountain Fuel Supply Company. Until recently, all the gas came from the Clear Creek field. However, what is believed to be a new gas field has been discovered by Three States Natural Gas Company in Sanpete County, Utah, approximately 7 miles from the Clear Creek field and the discovery well in this new field, which is on a block of 40,000 acres, is currently producing additional volumes of gas which is presently being taken into Utah Natural's gathering system. The development of additional natural gas supply from this new field would enable Utah Natural to utilize more fully its pipe line capacity.

El Paso Natural Gas Products Company. In October, 1955 the Company acquired all of the outstanding capital stock of McNutt Oil & Refining Co., Inc., the name of which has since been changed to El Paso Natural Gas Products Company ("Products Company"). This subsidiary now owns three crude oil refineries and controls 125 refined products marketing outlets in west Texas, Arizona and New Mexico. Products Company plans to modernize two of the refineries and expand its total refining capacity to approximately 5,000 barrels per day. It also plans to build in the Permian Basin or at El Paso an alkylation plant to produce alkylate from butane which will be blended with straight run gasoline produced in its refinery at El Paso, and with natural gasoline obtained from the Company's extraction plants in the Permian Basin to produce high octane motor fuel and aviation gasoline. Odessa Butadiene Company ("Odessa"), 55% of the capital stock of which is owned by Products Company, was recently organized to construct a plant near Odessa, Texas, with a capacity of 50,000 tons of butadiene per year. The General Tire & Rubber Company has contracted to purchase 32,000 to 35,000 tons per year of butadiene produced by Odessa, and United Carbon Company has contracted to purchase 15,000 tons per year. The plant is estimated to cost $22,000,000 and in connection therewith Odessa has arranged to borrow $18,000,000 from a bank for its construction. The Company has contracted to supply from its gasoline extraction plants, 75% of the butane requirements of this plant.

EXPANSION PROGRAM

The Company has contracts with its California customers for the sale and delivery, in addition to the amounts now being delivered, of up to 350 million cubic feet of gas per day. 75 million cubic feet to the Southern California Companies and a like volume to Pacific. The Company has also contracted for the delivery of an additional 30 million cubic feet of gas per day to Nevada Natural Gas Pipe Line Company. To provide for the transportation and delivery of such additional volumes of gas, and an additional 70 million cubic feet of gas per day to supply increasing demands of the Company's customers in Arizona, New Mexico and west Texas, the Company has obtained the requisite authorizations from the Federal Power Commission and is presently engaged in the construction of additional pipe lines, plants and other facilities designed to increase the delivery capacity of its pipe line system by 450 million cubic feet of gas per day. It is estimated that the cost of such additional facilities will be approximately $196,000,000. To provide the major part of the funds required for the construction of the first 300 million cubic feet of the 450 million cubic feet expansion program, the Company has entered into agreements with various institutional investors providing for the issuance and sale of an aggregate of $132,000,000 principal amount of its First Mortgage Pipe Line Bonds, 3¼% Series due 1972, of which $66,000,000 have been issued and the remaining $66,000,000 are to be issued in installments as funds are required for construction purposes over a period extending to December 31, 1957. In addition, the Company has reached preliminary agreements with various institutional investors providing for the issuance and sale of $30,000,000 principal amount of the Company's First Mortgage Pipe Line Bonds to be designated 4% Series due 1974. It is contemplated that other corporate funds (which may include the proceeds of bank loans) will be utilized to meet the remaining costs of construction of the 450 million cubic feet expansion program.

Since the initiation of the 450 million cubic feet expansion program, the Company has entered into preliminary agreements or letters of intent with its California customers for the sale and delivery of up to 300 million cubic feet of gas per day, in addition to the 350 million cubic feet above mentioned, 150 million cubic feet to be delivered to the Southern California Companies and a like volume to Pacific. The obligations of the Company and its California customers under such preliminary agreements are subject to the obtaining of the requisite governmental authorizations, and the Company has recently filed with the Federal Power Commission an application for a Certificate of Public Convenience and Necessity to authorize the acquisition or construction and operation of facilities necessary for the transportation and delivery of the first 150 million cubic feet of gas covered by such preliminary agreements. The California customers have filed or propose to file applications with the Public Utilities Commission of California for the necessary authorization to purchase such additional gas. The facilities required for the delivery of the first 150 million cubic feet are estimated to cost approximately $84,500,000. The Company anticipates that it will issue an additional $60,000,000 principal amount of its First Mortgage Pipe Line Bonds for such purpose and will provide the balance of the required funds from temporary bank loans and internal sources. Such bank loans would be repaid out of the proceeds of future permanent financing the nature of which cannot now be determined. At the present it is not practical to state what character of financing will be undertaken in order to provide funds for meeting the cost, tentatively estimated to be approximately $75,000,000, of the second 150 million cubic feet per day of the 300 million cubic feet expansion program.

OPERATING STATISTICS

The statistics set forth below are furnished to show the development and growth of the business of Company and its subsidiaries during the calendar years 1951 through 1955 and the twelve months ended April 30, 1956.

	Years Ended December 31,					Twelve Months Ended April 30,
	1951	1952	1953	1954	1955	
Consolidated Gross Revenues:						
Sales of Gas:*						
Public Utilities for Resale:						
Southern California Companies	$ 23,712,478	$ 24,961,023	$ 38,313,174	$ 50,217,040	$ 60,552,071	$ 65,3
Pacific Gas and Electric Company	16,044,407	26,365,892	36,928,715	48,169,497	59,691,859	63,3
Other Public Utilities	8,925,287	10,465,023	14,160,675	17,293,923	21,846,509	23,6
Public Utilities for Generation of Electricity	3,084,337	2,982,003	4,600,307	5,932,902	8,245,069	9,1
Copper Mining, Smelting and Refining	6,946,588	7,418,514	7,860,829	7,405,870	7,720,409	7,9
Other Sales	2,422,080	2,489,349	3,774,903	3,875,341	3,759,440	4,0
Total Sales of Gas	$ 61,135,177	$ 74,681,804	$105,638,603	$132,894,573	$161,815,357	$171,5
Extracted Products Sales	1,975,396	2,983,374	4,694,836	8,326,907	12,747,242	11,3
Refined Products Sales	—	—	—	—	1,447,628	3,8
Miscellaneous Revenues	439,226	388,477	810,594	2,620,965	3,440,865	3,9
Total Gross Revenues	$ 63,549,799	$ 78,053,655	$111,144,033	$143,842,445	$179,451,092	$190,8
Gas Received (MCF):						
Purchased—Residue Gas	276,861,267	291,360,350	372,644,279	403,024,545	434,774,900	448,0
Purchased—Dry Gas						
Permian Basin	65,538,566	74,295,130	78,164,736	99,787,437	124,651,243	141,9
Texas Panhandle	52,332,867	50,044,937	37,446,922	37,338,538	37,504,903	38,3
San Juan Basin	1,092,387	14,355,463	39,638,437	70,784,258	77,410,689	79,3
Utah	—	—	3,000,006	13,143,361	13,628,308	13,9
Produced—Dry Gas	12,267,120	55,642,522	55,025,004	78,390,081	84,286,598	86,5
Withdrawn from Storage and Received in Exchange	4,741,741	1,761,132	3,522,164	71,282,978	83,269,279	89,4
Total Gas Received	412,833,948	487,459,534	589,441,548	773,751,198	855,525,920	887,5
Gas Utilization (MCF):						
Sales to Customers	379,415,842	437,512,159	515,909,155	645,355,545	710,797,930	737,9
Used in System Operations	30,455,003	40,450,309	50,419,028	55,789,652	61,003,121	64,2
Stored for Future Use and Delivered in Exchange	1,114,863	5,569,923	15,507,498	69,801,538	84,798,516	87,3
Unaccounted for**	1,848,240	3,927,143	7,605,867	2,804,463	(1,073,647)	(1,3
Total Gas Utilization	412,833,948	487,459,534	589,441,548	773,751,198	855,525,920	887,5
Peak Day Sales (MCF)***	1,192,970	1,307,086	1,683,132	2,038,179	2,055,682	2,1
Extracted Products Sales (Gallons)	37,783,272	54,870,335	102,632,692	210,789,617	317,089,369	331,5
Refined Products Sales (Gallons)	—	—	—	—	12,271,273	30,6

* Revenues as herein presented have not been adjusted for possible refunds to customers in connection with pend proceedings. Reference is made to material set forth under "Rates".

** Gas loss or gain incidental to operations caused principally by gas leakage and by differences in pressure or m ment bases.

*** Exclusive of field sales to carbon black plants and for miscellaneous field uses and volumes delivered under ex agreements.

PROPERTY

The table below shows the principal units of the system facilities of the Company and its subsidiaries in service at December 31, 1955 and those now authorized and in process of construction:

	In Service	Authorized and under Construction	Total in Service and Authorized
Delivery Capacity of Main Transmission Pipe Lines —			
MCF of Natural Gas per Day	1,938,000*	450,000	2,388,000*
Transmission Pipe Lines (Miles)			
34-inch		339	339
31-inch	40		40
30-inch	1,698	16	1,714
26-inch	794		794
24-inch	761	34	795
20-inch	64	149	213
18-inch	64		64
16-inch	564		564
12-inch and Smaller	2,434		2,434
Total Transmission Pipe Lines	6,419	538	6,957
Field Gathering Pipe Lines — All Sizes (Miles)	3,469	720	4,189
Total Gas Pipe Lines	9,888	1,258	11,146
Transmission System Compressor Stations — Reciprocating Type			
Number of Stations	25		25
Rated Horsepower	279,230	32,000	311,230
Transmission System Compressor Stations — Centrifugal Type (Gas Turbine Driven)			
Number of Stations	10	2	12
Rated Horsepower	140,000	10,000	150,000
Field Compressor Stations — Reciprocating Type			
Number of Stations	32		32
Rated Horsepower	278,985	16,980	295,965
Gasoline Extraction Plants			
Number of Plants	8		8
Rated Inlet Capacity — MCF of Natural Gas per Day	909,962	283	910,245
Field Treating Plant Capacity (Rated Inlet Capacity — MCF of Natural Gas per Day)	1,344,280	12,746	1,357,026

* Excludes capacity of up to 300 million cubic feet per day provided for exchange gas deliveries to Northern Natural Gas Company in Texas Panhandle and certain intrastate and field sales of gas in the amount of 200 million cubic feet per day.

Gas and Oil Interests

At January 1, 1956 the Company had leases or rights on 2,272,137 net acres in 3,171,824 gross acres, excluding acreage in Canada and off-shore acreage off the Louisiana coast. A substantial portion of this acreage is limited to gas rights. Of this total approximately 500,000 acres were proven for production (largely gas) upon which were located 899.79 net producing gas wells and 4.66 net producing oil wells.

In British Columbia, Canada, the Company has a net interest of 1,577,703 acres in 2,555,876 gross acres held jointly with others. Exploration work is being done on this acreage which is in

the general area from which the Westcoast Transmission Company Limited is now building a pi transmission line to connect with the Pacific Northwest Pipeline Corporation system in the Sta of Washington. This acreage is held under Crown Permits, issued during the period 1950 to 195 which confer the right to do geological and geophysical work and exploratory drilling for petroleu and natural gas for a period of one year within the Permit area and are renewable under certa circumstances for an additional four years and with the consent of the British Columbia Gover ment for a further period not to exceed two years. Rentals are 5¢ per acre for each of the fi three years, 10¢ per acre in the fourth and fifth years and have not been fixed for succeedi years. If oil or gas is discovered 50% of the acreage can be converted to lease, therefore to t extent that acreage is so converted the Company's interests will be reduced by 50%.

The Company also has an 18.75% interest in 37,018 acres of off-shore leases off the Louisia coast that it holds jointly with other companies. Extensive geophysical work has been done o the acreage, and drilling operations are now in progress. The first three wells drilled by the gro are located on a 2,018 acre tract located on the Timbalier field salt dome and resulted in o gas-condensate well and two dry holes. The fourth well drilled is located on Federal Land Blo 175, Eugene Island, 40 miles offshore from Louisiana. On June 26, 1956 Sinclair Oil and G Company, as operator for the group, announced completion of this well and stated it appears be an important wildcat oil discovery. On the basis of a recent 12-hour production test the w flowed at the rate of 612 barrels daily of 32 gravity oil through a ½-inch choke with an ini flowing pressure of 4,500 pounds per square inch. It is located on a block of 10,000 acres acqui by the group at the Federal lease auction held in October, 1954.

Western Natural Gas Company, referred to below under "Investments", owns a 6.2% interest in the 37,018 acres referred to above, including Federal Land Block 175 upon which t above mentioned well is located.

Investments

Rare Metals Corporation of America. The Company and Western Natural Gas Compa ("Western Natural") organized Rare Metals Corporation of America ("Rare Metals") in M 1954 to engage in the exploration for and the production and processing of deposits of ores co taining uranium and other fissionable materials, or other valuable metals, mineral substan and rare earths. Rare Metals has recently offered to the holders of the Common Stock of t Company and of Western Natural of record on July 16, 1956 rights to subscribe to 1,425,0 shares of the capital stock of Rare Metals at the price of $5 per share on the bases of o share for each 5 shares of the Company's Common Stock, and one share for each 11 shar of the Common Stock of Western Natural. Upon consummation of this offering, the Co pany will own 693,700 shares or approximately 27% of the outstanding shares of capital stock Rare Metals. A recently acquired wholly-owned subsidiary of Rare Metals holds proven reser of uranium ores in northeastern Arizona, and Rare Metals, through its own exploration a development activities, has acquired mining permits and claims in northeastern Arizo The aggregate estimated proven ore reserves as of April 30, 1956 are 270,765 tons of pro ore averaging approximately 0.33% U_3O_8 content for which the average A.E.C. price per t is approximately $28.30. Rare Metals has contracted to sell to the Atomic Energy Comm sion the entire output of uranium concentrate from a processing plant built by Rare Met near Tuba City, Arizona. Rare Metals also holds under lease, with an option to purcha mining properties in southwestern Idaho, which are estimated as of April 30, 1956 to cont approximately 532,791 tons of proven mercury ore, having an average content of 3.59 pou of mercury per ton. Rare Metals has constructed and placed in operation a mercury red tion plant near Weiser, Idaho, having a capacity for processing 175 tons of ore per 24-ho day. In addition Rare Metals holds mining permits and claims or has options on various prosp tive ore-bearing properties on which exploration must be done to evaluate the properties and determine whether development on a commercial scale is warranted.

Western Natural Gas Company. The Company owns approximately 23.2% of the common stock, 24.8% of the 5% Convertible Preferred Stock (1952 Series) and 23.2% of the 5% Convertible Preferred Stock (1955 Series) of Western Natural. Paul Kayser is President and director, F. A. Liddell is Vice President and General Counsel and W. J. K. Vanston is a director, of both the Company and Western Natural, and they and members of their immediate families own or are beneficially interested in substantial amounts of the stock of Western Natural. A majority of the directors of the Company are persons having no official connection with Western Natural and a majority of the directors of Western Natural are persons having no official connection with the Company, and the Company expressly disclaims the existence of control, within the meaning of the Securities Act of 1933, of Western Natural by any of said persons or by the Company, individually or collectively. Western Natural, which is a Delaware corporation, is engaged principally in the business of acquiring interests in, exploring and developing prospective and proven gas and oil leases and lands, in the production, gathering and sale of natural gas and crude oil and in the extraction and sale of condensate and other liquid hydrocarbons produced with gas. The Company and Western Natural have participated, in some instances in association with others, in the acquisition of oil and gas leases, or interests therein, through farm-out agreements and otherwise, and in the conduct of geophysical surveys and other exploratory work and the drilling of wells in various areas. The terms upon which Western Natural participated in such acquisitions and other activities were in no instances more favorable to it than those applicable to the Company's participation in the same venture, and the Company considers such joint undertakings as transactions in the ordinary course of business in its gas and oil exploration and development activities. As of April 30, 1956, Western Natural owned interests varying from a full interest to minor fractional interests in oil and gas leases and permits covering an aggregate of approximately 4,615,526 gross acres (approximately 2,184,174 net acres) in the United States, including the Tidelands area off the Gulf coast, and the Dominion of Canada, and had 44.22 net producing oil wells, 174.73 net producing gas wells and 16.62 net shut in gas wells. The holdings of Western Natural in Canada total 1,274,302 net acres, practically all being held under Crown Permits the terms of which are similar to those under which the Company holds its Canadian gas interests. For the year ending April 30, 1956 Western Natural's production sales of natural gas averaged 130,994 Mcf per day and its production of oil, condensate and plant products averaged 1,785 barrels per day.

Character of Ownership

Substantially all of the pipe lines of the Company and its subsidiaries are located on property owned by others, under right-of-way grants, easements or permits obtained from the apparent owners, or in some cases from the occupants or other claimants, of the lands or interests therein crossed by the lines. Certain gathering and surface lines and short portions of other lines are maintained under informal licenses, permits and consents. Certain lines are maintained over, along and across roads, highways and public grounds and streets and alleys under permits obtained from the appropriate public authorities. Permits have been obtained from public authorities for river and canal crossings whenever required by such authorities, and right-of-way grants, permits or licenses for pipe lines across lands controlled by state or federal authorities have been obtained from the respective authorities. In certain cases informal consents have been obtained from public authorities pending acquisition of right-of-way grants. Rights-of-way, permits and licenses obtained from public authorities in many cases are for limited terms or are subject to revocation. Additional right-of-way grants, permits or licenses may be found necessary for some recently constructed pipe lines, as the result of further surveys made after completion.

The Company, as the holder of Certificates of Public Convenience and Necessity granted by the Federal Power Commission, has the right of eminent domain under the Natural Gas Act of 1938, as amended, to acquire from private owners rights-of-way and lands necessary for its pipe lines, compressor stations and appurtenant facilities.

Six of the Company's present main line compressor or booster stations, with appurtenant facilities and housing, and certain of the Company's field plants and other installations are located

in whole or in part upon lands held by the Company under long-term leases or under permits issued or approved by the Department of the Interior or other federal governmental agencies. All other compressor stations, gas treating plants and gasoline absorption plants owned by the Company are located upon lands owned by it. Metering and regulating stations are located in some cases upon lands owned by the Company or on pipe line rights-of-way, and in others on leaseholds or easements obtained from the apparent owners or occupants or other claimants, or on properties of the Company's suppliers or customers pursuant to contractual arrangements or with their consent.

Various properties of the Company are or may be subject to inchoate contractors', materialmen's and laborers' liens and to liens of similar nature, to the lien of current taxes not in default and to reservations, servitudes, rights or restrictions in favor of others. In the opinion of counsel none of such liens, reservations, servitudes, rights or restrictions will affect adversely the continued operation of the pipe line system.

In many instances no complete investigation of title has been made in respect of unproven or "wildcat" gas or gas and oil acreage, but in practically all cases examination of title has been made before producing leases or interests therein have been acquired by the Company or before substantial development work has been undertaken.

Substantially all of the physical properties of the Company, other than unproven gas acreage and oil, by-product, and petrochemical properties, are subject to the lien of the Indenture of Mortgage securing its First Mortgage Pipe Line Bonds. Reference is made to Note 4 to the financial statements for information as to the pledge of the stock of Western Natural and of certain subsidiaries of the Company.

GAS SALES

The Company's gas deliveries to the Southern California Companies and to Pacific are made under Service Agreements which continue in effect until December 31, 1983 and thereafter until terminated by either party thereto on twelve months' notice, and which provide that the respective buyers are obligated to purchase 91% of the maximum daily volumes specified therein on an annual basis.

The Service Agreement with the Southern California Companies obligates Southern California Gas Company to take and pay for 70% and Southern Counties Gas Company of California 30% of the gas delivered thereunder, and provides that the maximum daily volumes of gas to be delivered and paid for at the delivery point on the Colorado River near Blythe, California, are as follows, subject to certain conditions and limitations:

(1) 305 million cubic feet until November 1, 1977;

(2) in addition to the volume specified in (1) above, 400 million cubic feet until January 1, 1968; thereafter and until January 1, 1969, 250 million cubic feet; thereafter and until November 1, 1969, 200 million cubic feet; and thereafter and until March 15, 1970, 100 million cubic feet;

provided, however, that beginning January 1, 1968 and until January 1, 1980 the parties further agree to use their best efforts to continue to deliver and take, respectively, a maximum daily volume of 705 million cubic feet of gas.

The Service Agreement with Pacific provides that the maximum daily volumes of gas to be delivered and purchased at the delivery point on the border between California and Arizona near Topock, Arizona, are as follows, subject to certain conditions and limitations:

(1) 150 million cubic feet until January 1, 1971; and

(2) in addition to the volume specified in (1) above, 550 million cubic feet until January 1, 1967; thereafter and until January 1, 1968, 300 million cubic feet; thereafter and until January 1, 1969, 150 million cubic feet; and thereafter and until November 1, 1969, 100 million cubic feet;

ovided, however, that beginning January 1, 1967 and until January 1, 1980, the parties undertake use their best efforts to continue to deliver and take, respectively, a maximum daily volume 700 million cubic feet of gas.

The Service Agreements also provide for delivery to the Southern California Companies and Pacific at a point of delivery near Topock, Arizona, of additional maximum daily volumes of as to be provided by the Company's 450 million cubic feet per day expansion program as follows:

delivery to the Southern California Companies of (a) 50 million cubic feet from November 1, 1956 to November 1, 1971; plus (b) 50 million cubic feet from November 1, 1957 to November 1, 1972; plus (c) 25 million cubic feet from November 1, 1957 to November 1, 1977; plus (d) 25 million cubic feet from January 1, 1958 to January 1, 1978; plus (e) 25 million cubic feet from January 1, 1959 to January 1, 1979;

d delivery of like volumes to Pacific; provided, however, that the parties further agree to use eir best efforts to deliver and take, respectively, such volumes of additional gas as the Company ay have available for delivery prior to the foregoing initial delivery dates and to use their best forts to continue to deliver and take, respectively, the foregoing volumes of gas for an additional e years from each of the respective termination dates.

Each of the Service Agreements provides that, at times when the gas take of the Southern lifornia Companies or Pacific, as the case may be, is less than the maximum contract volume effect for such customer as outlined above, the Company will, to the extent permitted by its cilities as they exist from time to time, make additional deliveries of gas to the other California stomer, provided that the aggregate volumes of gas delivered at any such time to both the uthern California Companies and Pacific shall not exceed the combined amount of their maxi- um contract volumes.

As more fully set forth under "Expansion Program" the Company has entered into pre- inary agreements with the Southern California Companies and Pacific providing for further creases in gas deliveries to such customers, 150 million cubic feet per day to the Southern lifornia Companies and a like volume to Pacific.

Gas sales contracts with other customers have been entered into at various times and have rious expiration dates. Contracts with industrial consumers, and in most instances contracts th public utilities, establish priorities for domestic customers and permit interruption of gas rvice for non-domestic requirements. Under some such contracts the Company may interrupt rvice only upon reimbursement to the customer of all or part of the difference between the con- ct cost of gas and the cost of equivalent amounts of oil or other substitute fuels. Since 1950 re have been only minor curtailments of service which occurred in 1952.

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The transportation and sales of gas by the Company or its subsidiaries over which the Federal wer Commission has jurisdiction under the Natural Gas Act of 1938, as amended, are made at es included in rate schedules on file with that Commission as part of their respective Gas Tariffs. ring the twelve months ended April 30, 1956 approximately 78.28% by volume of the gas s of the Company and its subsidiaries, including sales to the Southern California Companies Pacific, were made under rate schedules subject to the jurisdiction of the Federal Power mmission. Certain of the Company's direct sales of gas to utilities for power generation are contract made at the same rates as those in effect for gas sold for resale for industrial use in same localities, respectively.

On June 30, 1952 the Company filed with the Federal Power Commission rate schedules viding for increased rates on most of the Company's jurisdictional sales. Such increases, ether with corresponding increases on certain of the Company's direct sales for power genera- , went into effect as of January 1, 1953, subject to the refunding of such portion, if any, of increases as might ultimately be found not justified. Subsequently, on October 14, 1954, the mpany filed with the Commission a further application for increases in rates applicable to sales ject to the Commission's jurisdiction. These further increases in rates went into effect on

April 15, 1955 also subject to possible refund of such portion, if any, of the increased rates a might ultimately be found not justified. The rates involved in this further application we designed to meet various increased costs incurred by the Company since the 1952 application a to yield a 6¼% return upon its rate base.

On November 26, 1954 the Commission issued its order pertaining to the 1952 rate applicat which, among other things, held the Company entitled to a 6% rate of return, permitted t Company for rate-making purposes to charge for gas produced by it the same amount as th charged by independent producers in the same fields or areas, ordered adjustments in the Co pany's proposed rates as between sale zones, disallowed various operating expenses and ra base items claimed by the Company and ordered refunds of certain portions of the increased ra collected which the Commission held not justified. In the Company's opinion, however, the pr scribed rates were not sufficient to yield such a 6% return, either for the future or for the peri during which the increased rates applied for had been collected. Upon the Company's motion, th Commission set aside the portion of the order establishing such rates and set the case for furt hearings. Such hearings have been completed and on March 29, 1956 the Company submitted a offer for settlement of its 1952 rate case applicable to the period from January 1, 1953 to Apr 15, 1955. Under the terms of such proposal, which was approved by the Commission under dat July 20, 1956, the Company agreed to refund $3,218,316 applicable to 1953 sales, together with a crued interest, to certain of its customers. Provision has been made for this refund less th resulting reduction in federal income taxes in the financial statements set forth herein.

As to the increased rates made effective April 15, 1955, under the second rate application, th gross revenues received by the Company, attributable to such rate increases, amounted t $13,609,075 to December 31, 1955 and $7,184,955 for the four months ended April 30, 19 Hearings on this second rate application commenced on July 11, 1956 before the Commissi and it is expected that a decision should be forthcoming before the end of 1956. In the financi statements set forth herein provision for refund, as estimated by the Company, has been ma based upon the difference between the 6% rate of return found reasonable for the Company in the above order dated November 26, 1954 and the 6½% rate of return claimed by the Company its application. Such provision for refund is $2,525,687 for the 1955 period and $1,288,029 for th four months ended April 30, 1956, exclusive of accrued interest and federal income tax reduct applicable thereto.

The following tabulation shows the principal rates (wholesale) applicable to the Compan jurisdictional sales (a) as included in the Company's rate filing of June 30, 1952 and in effe from January 1, 1953 to April 14, 1955, inclusive, and (b) as included in the Company's rate fil of October 14, 1954 and in effect since April 15, 1955:

	Per MCF	
	Rates Effective January 1, 1953	Rates Effective April 15, 19
Southern California Companies and Pacific Gas & Electric Company:		
Demand Charge (per month)	$1.62	$2.00
Commodity Charge	16¢	18¢
Arizona		
Residential Service	27¢	30.25¢
Non-residential Service — Other than irrigation	24¢	27.25¢
— Irrigation	24¢	25.25¢
New Mexico		
Residential Service	26¢	29.25¢
Non-residential Service — Other than Irrigation	23¢	26.25¢
— Irrigation	23¢	24.25¢
Texas		
Residential Service	24¢	27.25¢
Non-residential Service — Other than irrigation	21¢	24.25¢
— Irrigation	21¢	22.25¢

The demand and commodity charges to the Southern California Companies and Pacific, as forth above, are equivalent to approximately 21.33¢ per Mcf for the rates effective January 1953 and approximately 24.58¢ per Mcf for the rates effective April 15, 1955, based in each stance on deliveries at 100% load factor (i.e., constant deliveries at the maximum contract lume).

s Exchange and Transportation Contracts

In order to avoid the necessity for the construction by Northern Natural Gas Company (Northern"), a non-affiliated company, of expensive duplicating pipe line facilities, the Company d Northern entered into an agreement, dated as of August 14, 1953, providing for the delivery up to 300 million cubic feet of natural gas per day by the Company to Northern, at a point near e northern terminus of the Company's Dumas Line in the Texas Panhandle, in exchange for nal volumes of gas to be delivered to the Company by Northern at points on the inlet side of e Company's Plains Compressor Station located in Yoakum County, Texas, near the southern d of said Dumas Line. The Company receives payment at the rate of approximately 2¢ per f of the gas delivered at Dumas.

Similarly, to avoid the costly duplication of facilities, the Company and Permian Basin Pipe- e Company ("Permian"), a subsidiary of Northern, more recently have entered into an arrange- nt providing for the transportation by Permian for the Company of a minimum of 190 million d a maximum of 225 million cubic feet of gas per day from a point in the Spraberry Trend area Midland County, Texas, to the Company's Plains Compressor Station in Yoakum County, xas. Permian receives payment at the rate of approximately 1.65¢ per Mcf of gas transported the Company.

By agreement dated June 15, 1956 the Company and Pacific Northwest Pipeline Corpora- n ("Pacific Northwest") have agreed on a plan for the orderly development of their respective reserves in the San Juan Basin. During the first five years of Pacific Northwest's opera- ns, which are expected to commence in the latter part of 1956, the Company will sell to Pacific rthwest at points of interconnection in the San Juan Basin an aggregate volume of 146 billion bic feet of Mesaverde gas at the prevailing prices for such gas plus an average gathering charge 2.625¢ per Mcf. Pacific Northwest will redeliver this aggregate volume at not over 50 million bic feet per day, commencing with the seventh year of Pacific Northwest's operations. Com- ncing with the fourteenth year the redelivery obligation is fixed at 50 million cubic feet per day, l prior thereto Pacific Northwest's obligation is to redeliver only from Pacific Northwest's de- erable gas surplus over its market requirements of up to 442 million cubic feet per day. The mpany will pay for such redelivered gas at a rate comparable to the then prevailing prices for n Juan Basin Mesaverde gas plus a gathering charge of 2.625¢ per Mcf.

GAS SUPPLY

The Company's gas supply is comprised of residue gas which it obtains from gasoline extrac- n plants principally in the oil and gas-distillate fields of the Permian Basin and "dry" or forma- n gas from gas fields in the Permian Basin, in the Texas Panhandle and in the San Juan Basin. e availability of residue gas depends upon the rate of production of crude oil, and the supply reof tends to be at its maximum during the summer months when the demands of the Com- y's markets normally are lowest. The Company is able to vary to some extent the volume purchases from dry gas wells, generally reducing the dry gas take to a minimum during the mmer months and drawing more heavily on such wells in winter periods of peak demand, or en the volumes of residue gas are curtailed by adverse weather conditions or plant breakdowns.

The Company continues to add to the volumes of "dry" or formation gas which it owns or trols and upon which it may draw as needed, in order not only to augment its over-all gas ply but also to provide greater flexibility in dealing with the practical problems of handling large but fluctuating volumes of "residue gas" that the Company has undertaken to market.

Furthermore, the acquisition of such additional reserves should place the Company in a mor favorable position in its negotiations for the purchase of gas owned and produced by other The amount of residue gas taken by the Company in recent years has been as follows:

Year	Residue Gas Purchased Billion Cubic Feet	% of Total Requirements for Period*
1951	277	67.84%
1952	291	59.99
1953	373	63.93
1954	403	58.47
1955	436	57.48

* After completion of the 450 million cubic feet per day expansion program it is estimated that this ratio will be roughly fifty-fifty between dry and residue gas.

The following tabulation sets forth certain detailed information as to the various sources gas supply of the Company and its subsidiaries (exclusive of gas withdrawn from storage a gas received in exchange) at December 31, 1955 and for the year then ended:

Sources and Character of Gas	Aggregate Volume Taken During 1955 (In MMCF)	Percentage of Total Requirements for Period	Number of Fields From Which Derived at 12-31-55	Numbe of Acre Covere in Eff at 12-31-5
Permian Basin				
Residue Gas purchased	345,790	44.78%	109	151
Residue Gas taken from the Company's own extraction plants	88,985	11.52%	19	212
Dry or Formation Gas purchased, primarily in Lea County, New Mexico	124,651	16.14%	19	168
Gas produced by the Company	3,252	.42%	3	–
Texas Panhandle (Panhandle and South Hugoton Gas Fields)				
Dry or Formation Gas purchased	37,505	4.86%	2	2
San Juan Basin				
Dry or Formation Gas purchased	77,411	10.02%	24	259
Dry or Formation Gas produced by the Company	80,675	10.45%	15	–
Salt Lake Division				
Dry or Formation Gas purchased by Utah Natural Gas Company	13,628	1.76%	1	4
Dry or Formation Gas produced by the Company	360	.05%	1	–
	772,257	100.00%	193	79

The prices for gas payable by the Company under its purchase contracts vary from cont to contract, depending primarily upon the location of the plant or field from which the gas is tak upon the character or quality of the gas and the pressure at which it is delivered and w whether the gas is delivered in large volumes at a single point or is taken by the Company f the individual wells or from field separators.

During 1955, the prices paid by the Company for residue gas purchased in the Permian B ranged from a low of 5.547¢ to 7.733¢ per Mcf for low pressure gas requiring dehydration a treatment for the removal of acid gas content, up to a general level of approximately 10.5¢ Mcf for [illegible] pressure treated and dehydrated gas which would move directly into the Compa transmission lines without further processing. The price for "dry" or formation gas purch

the Texas Panhandle was approximately 9.966¢ per Mcf, and the prices for "dry" or formation as taken from gas wells in the Permian Basin generally ranged from 9.457¢ to 10.564¢ per Mcf, pending primarily on the delivery pressure of the gas. It is estimated that, for the year 1956, e average price of gas purchased in the Permian Basin and Texas Panhandle areas will be approximately 8.928¢ per Mcf, as compared with an average price of 8.959¢ per Mcf paid during 1955. the San Juan Basin, the average price paid by the Company in 1955 for gas purchased, in almost cases taken at the wellhead or from field separators, was about 11.487¢ per Mcf, and it is estiated that approximately the same price will be paid during 1956.

All of the Company's gas purchase contracts provide for increases at stated intervals in the ices, payable by the Company for gas taken thereunder. In general, such intervals are of five ars' duration and the increases are of one cent per Mcf for each of the first two or three of such tervals, with provision that thereafter the prices are to be determined by agreement or arbitran, but are not to be less than certain specified minimums. By far the greater number of the mpany's purchase contracts contain "favored nation" clauses which have the effect of requiring e Company to raise the prices payable thereunder to equal any higher prices paid by the Comny for gas of like character, under similar conditions and in the same general area. In addition, e purchase contracts with one producer, under which the Company obtained approximately 4% of its total gas supply during 1955, contain provisions for increases in the price of gas, der certain conditions, in the event of increases in the level of prices received by the Company m its customers. In certain recent decisions the Federal Power Commission has refused to rmit price increases based on contractual provisions of such character to go into effect. On ril 4, 1956, the Commission proposed a rule to become effective July 1, 1956 which would r producers from filing contracts containing provision for price adjustments by reason of) escalator clauses based on price indices or changes in the price received by the purchaser upon sale, or (b) the payment or offer of payment of higher prices by the purchaser or other purasers in the same or other producers' areas to the same or other sellers. None of such increases presently be put into effect without the approval of the Federal Power Commission. It is possible to determine at this time what regulations or policy the Federal Power Commission y ultimately adopt, or what the effect thereof may be on the future operation of "favored tion" and other price escalation clauses contained in the Company's gas purchase contracts.

Most of the Company's principal gas purchase contracts expire during the period from 1965 1973, although some such contracts are for longer terms or for the life of the particular plant field, and contain some or all of the following provisions: for the sharing between buyer and ller on various bases of new or increased taxes on the gas; for the reduction of the amount of the Company is required to take or the seller to furnish if the quantities supplied or taken reduced, for causes not excused, below those contemplated by the contract; for the make-up, r specified periods, of deficiencies in average daily purchases by the Company; and provisions to force majeure, as to the effect of action by regulatory authorities and as to arbitration of ious matters. The seller's obligations are generally subject to the availability of gas from cified sources and to the reservation of gas for operation, development, royalty and other rposes.

The Company has agreed to buy from Pacific Northwest for delivery, commencing January 1, 8, at or near the Canadian border, 50 million cubic feet of gas per day for immediate redelivery Pacific Northwest's transmission line in the same area against concurrent delivery by Pacific rthwest of an equal volume of gas to the Company in the San Juan Basin area. At such time Westcoast Transmission Company Limited may have available for delivery to Pacific Northwest in excess of the latter's maximum contract demand, Pacific Northwest may increase its daily ntract demand up to an additional 100 million cubic feet, and Pacific Northwest has agreed with Company that it will similarly deliver to the Company under the same arrangements the portion he said additional gas in excess of gas taken by Pacific Northwest for delivery to others than

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the Company, but in no event less than 50% of such additional gas. Subject to certain adjustments, the Company has agreed to pay rates for such gas which, on a 90% load factor, would result in a price of 22¾¢ per Mcf until January 1, 1959, and thereafter 22¢ per Mcf, plus in each case the sum of 3¢ per Mcf of all quantities of gas delivered under this agreement to the Company by Pacific Northwest in the San Juan Basin area. The agreement is for a term of 20 years after the date of first delivery thereunder and from year to year thereafter until terminated on eighteen months' notice by either party.

In addition to the gas obtained under its purchase contracts, the Company produces substantial amounts of gas from acreage in the San Juan Basin area under which it owns or controls gas rights (in some instances only in respect of certain zones or formations) and is actively engaged in increasing the amount of such production. Substantial portions of the gas rights owned or controlled by the Company in the San Juan Basin were acquired pursuant to contracts which obligate the Company, at its own expense, to drill wells to develop the acreage, subject, in most instances, to the Company's right to turn back to the transferor units of acreage which development has indicated will not be commercially productive of gas. Such agreements generally obligate the Company to take minimum average volumes of gas and to pay royalties, in addition to the normal landowners royalty and small overriding royalties, at rates which in most instances are currently at the level of 4.685¢ to 6.450¢ per Mcf and which increase, at varying intervals during future periods. In addition, the transferors have generally reserved (a) all oil discovered with the right to take over any oil well drilled by the Company upon reimbursing the Company for its cost, and (b) an overriding royalty on the liquid hydrocarbons recovered from the gas produced (which royalty may, in some instances, be taken in kind).

Report on Gas Reserves

BROKAW, DIXON & McKEE

ENGINEERS AND GEOLOGISTS

120 BROADWAY, NEW YORK

ALBERT G. BROKAW
A. FAXON DIXON
H. HARPER McKEE

July 18, 1956

El Paso Natural Gas Company
El Paso, Texas

Dear Sirs:

We have made periodic reports since 1928 on the gas reserves available to El Paso Natural Gas Company's pipeline system, the latest of which was made in December of 1955. We have recently reviewed the situation regarding the gas supply available to meet the Company's requirements, including the increased deliveries of 450 MMCF per day, authorized by the Federal Power Commission by orders issued November 25, 1955 and March 5, 1956 in Docket No. G-8940.

The gas supply of the Company is now derived, and the major part of the additional gas requirements for the newly authorized 450 MMCF project will be obtained, from two general areas. The first such area is the Permian Basin of west Texas and Lea County, New Mexico, and the Panhandle of Texas. The other area is the San Juan Basin of northwestern New Mexico and southwestern Colorado. The gas supply available to the Company in each of these areas will be discussed separately in this report.

In addition, as a part of the gas supply for the 450 M³CF project, your Company is to receive on an exchange basis 50 million cubic feet per day of Canadian gas, produced in the Peace River area of British Columbia and northwestern Alberta. You have advised us that you have entered into a long term contract with Pacific Northwest Pipeline Corporation, which is currently constructing a pipe line system from the San Juan Basin area to the Pacific Northwest, pursuant to which you will purchase 50 million cubic feet per day of Canadian gas from Pacific Northwest Pipeline Corporation at a point in the State of Washington just south of the United States-Canadian border and will immediately redeliver such gas to Pacific Northwest Pipeline Corporation in exchange for a like volume of gas to be furnished to you by that corporation at a point in the San Juan Basin in southwestern Colorado.

We have not made a personal direct investigation of the Peace River area in Canada, but we took part in hearings before Boards and Commissions in Canada in which these reserves were considered. We have read all the voluminous transcripts of testimony before the Federal Power Commission covering this area and were present at some of the hearings in which they were presented. We are thus familiar with the area and believe that it will be able to provide the volumes of gas proposed to be transported from that area for sale to Pacific Northwest Pipeline Corporation and for delivery and use in British Columbia. After these extended hearings before the Federal Power Commission as to the gas reserves of the Peace River area, the necessary import license and certificates of public convenience and necessity for the importation and transportation of 300 million cubic feet of such Canadian gas have been granted to Pacific Northwest Pipeline Corporation, and we understand also that Westcoast Transmission Company Limited, which will construct and operate the pipe line in Canada for the transportation of such gas from the producing fields to the United States-Canadian border for delivery to Pacific Northwest, has obtained all necessary authorizations and permits from Canadian authorities, has completed its financing arrangements and has started the construction of its facilities. On these bases, we believe that you are assured of receiving on the above-mentioned exchange basis the 50 million cubic feet of Canadian gas provided for in your contract with Pacific Northwest Pipeline Corporation, with an excellent probability that in the future, as development of the Peace River area progresses, additional volumes of gas from that source will become available to you under the option contained in your agreements with Pacific Northwest Pipeline Corporation.

All volumes of gas stated in this report are calculated on a pressure base of 14.73 pounds per square inch absolute and, unless otherwise indicated, estimates of gas reserves as set forth herein are computed as of April 1, 1956. The term "gas reserves" means proven gas reserves as defined by drilled wells. In preparing this report, we have used and relied upon statements furnished by the Company as to ownership of gas leasehold rights and as to the terms of gas purchase contracts held.

Gas Supply for the Permian Basin System

In the Permian Basin the gas comes from two types of wells: Casinghead gas comes from oil wells where the gas is produced along with oil, and dry gas comes from wells which produce only gas, spoken of as "dry gas wells" or "natural gas wells".

Casinghead gas from the oil wells is taken to gasoline extraction plants where the gasoline and other liquefied hydrocarbons are extracted. A considerable amount of this gas is consumed in the plants themselves; some is returned to the leases for gas-lift or lease operations; and the rest, usually spoken of as "residue gas", is available for sale. Formerly, the major part of the residue gas was vented and burned. Now only a comparatively minor part of this gas is wasted, and the regulatory commissions endeavor by restrictive regulations to hold this waste to a minimum.

In the Permian Basin area, the oil wells supplying casinghead gas for processing in the extraction plants range in depths from 3,000 to 12,000 fe and in geological age from Permian to Cambrian.

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Sixty-five gasoline extraction plants are now operating in the Permian Basin and forty-six these are connected to your system. Five of these forty-six plants are the Company's plants and the Company is currently taking gas under purchase contracts from the other forty-one plants. Twenty-two thousand two hundred and five oil wells producing from one hundred major reservoirs are connected to these plants, which are now delivering residue to your Company. Two thousand and fifty-nine of these oil wells are connected to your plants. The Company expects to make additional purchase contracts for residue gas. At present your Company has pending before the Federal Power Commission applications to construct more gasoline extraction plants, in the Permian Basin, with an aggregate capacity of forty million cubic feet per day.

We estimate that the raw gas reserves in the fields now connected to the plants which serve your Company are 12,998 billion cubic feet, 9,798 billion cubic feet of this gas will be produced through 1974 and treated in the plants, and your Company will receive into the pipeline system 6,879 billion cubic feet of this gas through 1974.

Your Company has been taking gas since 1929 from high pressure dry gas wells in southeastern Lea County, New Mexico, and now has 544 such wells connected. The producing horizons are of Permian age at depths of 3,000 to 6,000 feet. Our estimate of the total recoverable dry gas reserve dedicated to your system in this area is 1,919 billion cubic feet and the total volume to be taken through 1974 is 1,819 billion cubic feet. In this area at a depth of 11,8 to 12,000 feet a gas field is being developed in the Devonian. This is now connected with your system.

Your Permian Basin pipeline system derives a part of its supply from dry gas fields in the Panhandle of Texas under a gas purchase contract with Phillips Petroleum Company. Under the terms of this contract, the Company may vary the daily volumes it takes from 51 to million cubic feet but is to average at least 101 million cubic feet per day until 1960, after which the contract volume becomes 182 million cubic feet per day. The total amount expected to be taken under this contract through 1974 is 1,034 billion cubic feet. We estimate the recoverable gas reserves in the fields from which this gas is derived at 3,693 billion cubic feet and that there will be remaining in the ground still available at the end of 1974 about 1,510 billion cubic feet. In addition to the dry gas purchased from the above mentioned sources, our estimate of dry gas to be received from miscellaneous gas wells in the southern part of the Permian Basin is 180 billion cubic feet through 1974.

The rate of production of residue gas depends directly upon the amount of oil produced. Oil production is prorated by the Railroad Commission of Texas and the New Mexico Oil Conservation Commission according to the market demand. Therefore, as the market demand for oil fluctuates, the amount of casinghead gas available to the Company varies.

The flow of gas from the dry gas wells can be varied within wide limits. The combined delivery capacity of the dry gas wells connected to your system in the Permian Basin area is approximately 2,200 million cubic feet per day against the present gathering line operating pressures. Variations in the supply of residue gas may be taken care of by controlling the flow of gas from the natural gas wells.

The average daily amount of dry gas taken into your system in the Permian Basin during the six months ending April 1, 1956 was 342 million cubic feet. The maximum and minimum daily deliveries of such gas during the six months ending April 1, 1956 were 422 million cubic feet on February 29, 1956, and 159 million cubic feet on October 20, 1955. During such six months' period in the Permian Basin, residue gas supplied seventy percent of the total supply and dry gas thirty percent. For your system as a whole, residue gas supplied fifty-six percent and dry gas forty-four percent during such period. After completion of the increase in your system capacity by million cubic feet per day under the expansion program now in progress, the ratio will be roughly fifty-fifty between dry and residue gas.

The Company's underground gas storage facilities in Lea County, New Mexico, have a pacity of 17 billion cubic feet. A maximum of 88 million cubic feet of gas has been injected and million cubic feet has been withdrawn in one day.

The Company's facilities in the Permian Basin and the San Juan area are connected by a ge diameter pipeline and, although a large area is covered, the facilities are an integrated system that it is practicable for one area to augment the gas supply of the other or to utilize excess from one area to supplement deliveries from the other.

By varying the amount of gas from the Lea County dry gas wells and utilizing the rage facilities and increasing or decreasing the amount taken from the San Juan Basin area, is possible to make up deficiencies and use any surplus gas due to any foreseeable variation in the pply of residue gas.

You have estimated the total firm requirements of your Permian Basin system, including the ditional 100 million cubic feet per day to be taken from that area under the new 450 million bic feet per day project, for the period from April 1, 1956 to January 1, 1975 at 9,912 billion bic feet. We estimate that this gas can be supplied from April 1, 1956 to January 1, 1975 as llows:

	Amounts to be Supplied 4/1/56—1/1/75 Billion Cubic Feet	Reserves as of 4/1/56 Billion Cubic Feet	Reserves at End of 1974 Billion Cubic Feet
Residue gas	6,879*	12,998**	3,200**
Lea County dry gas	1,819	1,919	100
Panhandle dry gas from Phillips contract	1,034	3,693***	1,510***
Miscellaneous dry gas	180	201	21
	9,912	18,811	4,831

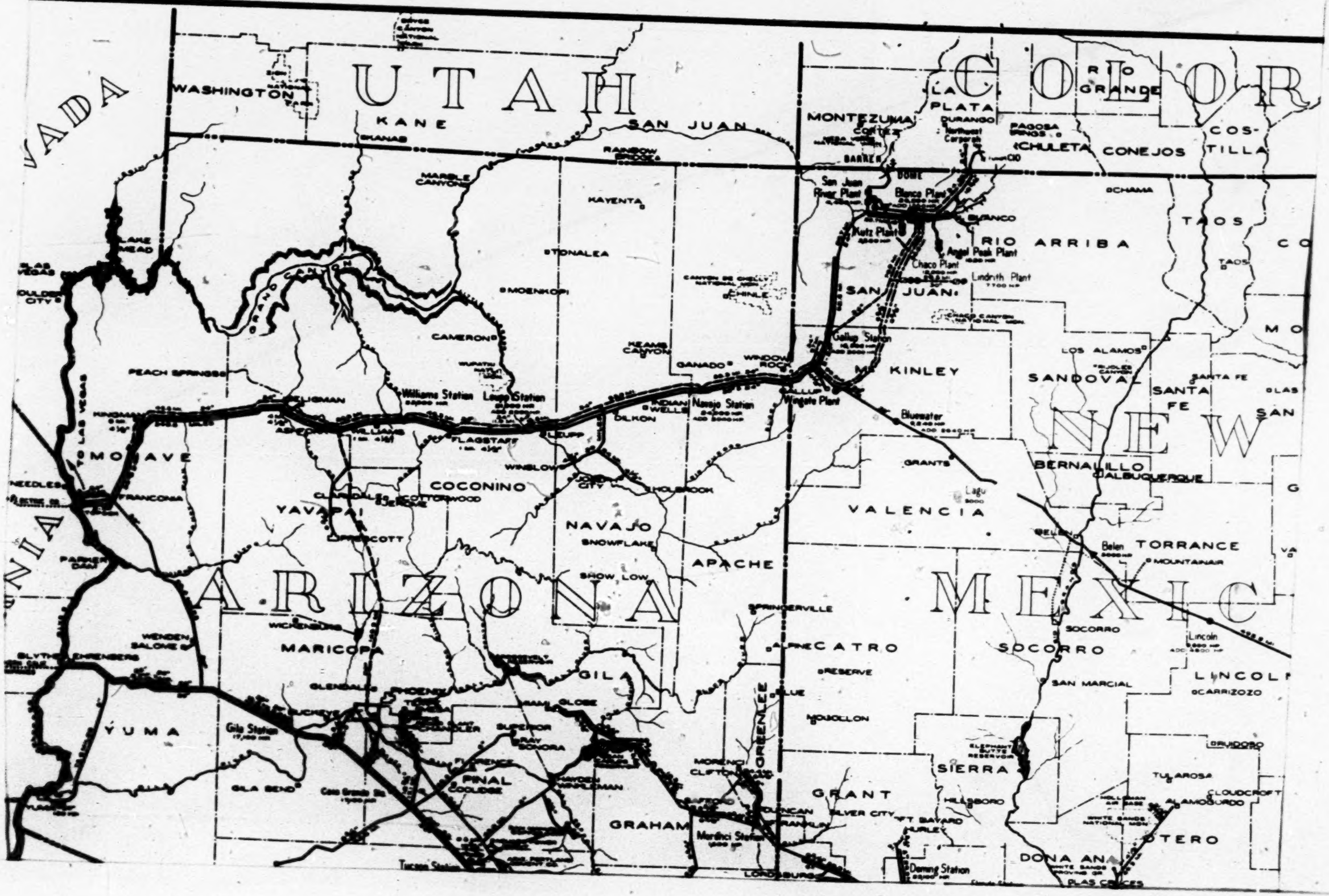
* Residue gas from gasoline extraction plants.
** Raw casinghead gas from wells.
*** Others have contracts for some of this gas.

The Permian Basin has been for a long time and still is an area of intensified oil and gas ploration and development. New discoveries and extensions to existing fields are adding con-ually to the known oil and gas reserves. In our opinion, the development of recent and future scoveries, and the connection of additional gasoline plants, will add substantially to the gas serves now available and committed to the Company's system in this area.

Gas Reserve in the San Juan Basin System

The gas supply for this system is obtained from dry gas fields in the San Juan Basin from nds which the Company controls under leaseholds, operating and farmout agreements, and by rchase from other operators under long term purchase contracts. The system is at present nnected to nine major fields, namely, Blanco, Aztec, Ballard, East Blanco, South Blanco, ulcher Kutz, West Kutz, Barker Creek Dome, and Ignacio. In addition, there are seven inor Dakota fields, three small Fruitland fields, one small Pictured Cliffs and Mesaverde field, well as small amounts of casinghead gas contracted from the Tocito field. The Blanco field mprises more than a million acres within its productive limits and has the largest proven gas serves in the Basin. The producing zones of all of these fields are of Cretaceous age except e Barker Creek Dome field which produces from the Paradox of Pennsylvanian age.

In the past two years several new Pictured Cliffs fields have been discovered and the exten-ns of the existing fields have been considerable. As a result of these developments, it has en established that a considerable part of the proven area of the Mesaverde now controlled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YAVAPAI
MARICOPA
PINAL
GILA
YUMA
MOHAVE
LA PAZ
GRAND CANYON
LAKE MEAD
LAS VEGAS
BOULDER CITY
PEACH SPRINGS
KINGMAN
WILLIAMS
FLAGSTAFF
WINSLOW
HOLBROOK
SNOWFLAKE
SHOW LOW
PRESCOTT
CLARKDALE
COTTONWOOD
NEEDLES
PARKER DAM
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EHRENBERG
WENDEN
SALOME
WICKENBURG
GLENDALE
PHOENIX
TEMPE
MESA
CHANDLER
GILA BEND
CASA GRANDE
FLORENCE
SUPERIOR
GLOBE
MIAMI
SAN CARLOS
TUCSON
KAYENTA
TONALEA
MOENKOPI
CAMERON
KEAMS CANYON
GANADO
WINDOW ROCK
INDIAN WELLS
DILKON
LEUPP
TUBA
CANYON DE CHELLY
CHINLE
RAINBOW BRIDGE
MARBLE CANYON
FRANCONIA
SPRINGERVILLE
ALPINE
CATRO
RESERVE
LUNA
HOLBROOK
WINSLOW
Williams Station
Leupp Station
Navajo Station
Gallup Station
Wingate Plant
San Juan River Plant
Blanco Plant
Kutz Plant
Angel Peak Plant
Chaco Plant
Lindrith Plant
Bluewater
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Tularosa
Cloudcroft
Alamogordo
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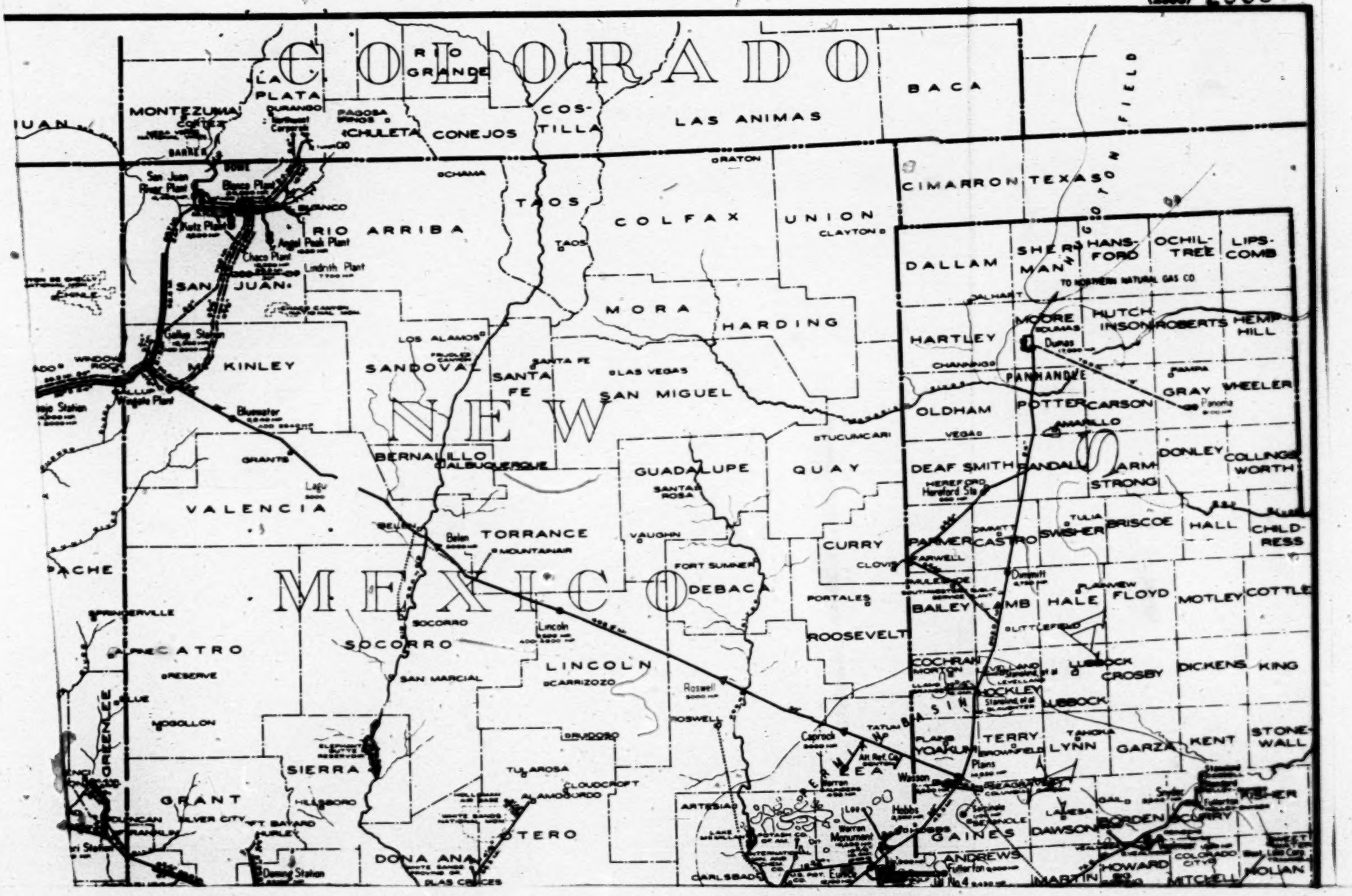
Deming Station
Las Cruces
Duncan
Franklin
Lordsburg
Morenci Station
Gila Station
Tucson Station
Chama
Dulce
Ojo Caliente
Pagosa Springs
Cuchuleta
Los Alamos
Las Vegas
Taos
Lagu
Jemez Springs
Socorro
San Marcial
Elephant Butte Reservoir
White Sands National Monument


COLORADO
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HOWARD
MITCHELL
NOLAN
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Farmington
Aztec
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Gallup
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Laguna
Albuquerque
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Santa Fe
Las Vegas
Tucumcari
Clayton
Raton
Chama
Dulce
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TO NORTHERN NATURAL GAS CO
BASIN
PANHANDLE

by your Company is also considered proven in the Pictured Cliffs horizon and additional areas will become productive in the future.

Our estimates of the acreage dedicated to the Company's system which has been proven to be productive from the various producing formations in the San Juan Basin and the recoverable gas reserves underlying this acreage, depth of wells, and the number of wells dedicated to your system as of April 1, 1956 are as follows:

Formation	Average Depth of Pay (in Feet)	Number of Wells Connected	Proven Acres	Reserves in Billion Cubic Feet
Mesaverde	5000	751	484,350	4,322
Pictured Cliffs	1800-3200 3900-4000	734	265,250	1,913
Paradox	8400-9100	8	12,260	138
Fruitland	1000-2500	67	23,660	276
Dakota	7000-8000	11	2,713	46
Tocito	6600	15	2,900	23
		1,586	791,133	6,718

Although the expansion and development of the San Juan Basin producing area has continued since our last report, in which we estimated the reserves dedicated to the Company's system as of October 1, 1955 at 6,795 billion cubic feet, we have used this estimate minus the production of 77 billion cubic feet taken from the field from October 1, 1955 to April 1, 1956 as the estimated present reserves of 6,718 billion cubic feet. The Company owns approximately two-thirds of the dedicated reserves subject to varying royalty payments.

Our studies taking into consideration the information from developments since October 1, 1955 indicate a continuing increase in reserves dedicated to the Company. We have not taken these studies into account.

The increase in firm requirements from the San Juan Basin area as authorized by the recent orders of the Federal Power Commission above mentioned, apart from the gas to be received from Pacific Northwest Pipeline Corporation in that area on an exchange basis as outlined above, brings your total estimated take through 1974 from these reserves to 4,206 billion cubic feet and the estimated dedicated reserve remaining at the end of 1974 to 2,512 billion cubic feet.

The improvements in the technique of completing wells through the producing zones by using natural gas instead of drilling mud as a circulating medium and the recent developments in treating wells by sand fracture have greatly increased the producing capacity of the wells. Several methods now in the experimental state are being developed with the object of measuring the flow of gas from any part of the drill hole. This new technique seems to be successful and can be expected to further aid in completing wells in the Mesaverde.

Our estimate of reserves in the San Juan Basin area is based on an abandonment pressure of 500 pounds in the Mesaverde formation of the Blanco field. Due to the recent improvements and developments above mentioned, in our opinion it will be possible to economically produce gas wells below this assumed abandonment pressure of 500 pounds. Each drop of 100 pounds in assumed abandonment pressure would increase the estimated reserves by about 500 billion cubic feet. This, we believe, gives a large factor of safety to our estimate of the reserves in the Mesaverde formation.

We believe that the continuing development and exploration in the San Juan Basin will further increase, through new discoveries and extensions of existing fields, the known gas reserves and those dedicated to your Company in this area.

Summary

You have informed us that you have estimated your firm requirements from April 1, 1956 to January 1, 1975 to be an aggregate of 14,118 billion cubic feet of gas, based on present contracts, with an estimated aggregate maximum day demand of 2,338 million cubic feet, which is the planned capacity of the Company's main transmission pipeline when the present construction program is completed.

It is our opinion that the presently proven gas reserves now available to the Company in the Permian Basin area and the Texas Panhandle and in the San Juan Basin area as outlined above, together with the 50 million cubic feet per day of Canadian gas which you are to receive on an exchange basis in the San Juan Basin area under your contract with Pacific Northwest Pipeline Corporation, are more than adequate to supply through 1974 the over-all requirements of your pipe line system, including the additional requirements of 450 million cubic feet per day resulting from the further enlargement of your system capacity authorized by the Federal Power Commission in Docket No. G-8940.

The gas available to the Company should be considered as consisting not only of the present proven gas reserves of fixed amount gradually being exhausted through the years but as a supply the over all amount of which can be expected to be increased in the future by new additions. We are generally familiar with the program of exploration carried on by the Company in Canada, the Rocky Mountain area, New Mexico, Texas and the Tidelands offshore from Louisiana. We are also familiar with the policy of the Company to purchase reserves in place when such purchase can be made at reasonable cost. In our opinion, the areas through which the Company operates, particularly in New Mexico and Texas, are areas of great potential production of both oil and gas in the future. Since 1928, the rate of withdrawal in these areas has constantly increased but proven gas reserves have more than kept pace. For these reasons, it is our opinion that, through exploration and development of its own reserves, through purchase of reserves in place, and by contracting for the purchase of gas at the well mouth, the Company should be able to obtain its gas requirements to supply the demands of its market for a period well beyond the year 1974.

Very truly yours,

BROKAW, DIXON & McKEE

By A. Faison Dixon

Regulations Affecting Gas Supply

The Company obtains the major part of its gas supply from the States of Texas and New Mexico and, since the completion of its San Juan Division, takes some gas from wells in the State of Colorado. Each of these States has laws designed to conserve oil and gas, to prevent waste and to protect the correlative rights of the owners of oil and gas in a given reservoir. Such laws give the various State regulatory commissions broad powers of regulation and enforcement. Such laws and the rules which have been adopted thereunder include, generally, restrictions on the number of wells which may be drilled on given areas, requirements as to the making and filing of reports on production and other matters and the manner of completing and plugging wells. The Texas and New Mexico commissions fix allowables for the production of both gas and oil. As indicated above, a large part of the Company's purchases consists of residue and casinghead gas, the supply of which at times fluctuates due to changes in oil allowables.

Federal laws and regulations applicable to certain lands in New Mexico and Colorado owned or controlled by the United States prohibit waste in the production and use of natural gas, as well as its transportation when produced in violation of State conservation laws.

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REGULATION

Natural Gas Act

The Company is a "natural gas company" as defined in the Natural Gas Act of 193[illegible], as amended. As such, the Company is subject to the jurisdiction of the Federal Power Commission (the "Commission") under said Act.

The Natural Gas Act, among other things, provides that every natural gas company must obtain a Certificate of Public Convenience and Necessity to engage in the transportation or sale of natural gas in interstate commerce for resale for ultimate public consumption, to which certificate the Commission may attach such reasonable terms and conditions as the public convenience and necessity may require; that the rates and charges of a natural gas company, subject to the jurisdiction of the Commission and rules and regulations pertaining thereto, must be just and reasonable and that any such rate or charge that is not just and reasonable is unlawful; that every natural gas company must file schedules of its rates and charges, and its regulations and contracts pertaining thereto, with the Commission; that rates charged by any natural gas company which are subject to the jurisdiction of the Commission may be suspended or reduced by order of the Commission and that the Commission may investigate and determine the actual legitimate cost of the property of every natural gas company, the depreciation thereon, and, when found necessary for rate making purposes, other facts which bear on the determination of such cost or depreciation and the fair value of such property. The Act further provides that no natural gas company may extend or abandon its facilities without prior approval of the Commission, and that the Commission may prescribe a system of accounts to be kept by such natural gas company, may determine rates of depreciation and amortization for such natural gas company, may require annual, periodic or special reports and may determine the adequacy or inadequacy of the gas reserves held or controlled by any natural gas company, or by anyone on behalf of a natural gas company. The Act extends to any holder of a Certificate of Public Convenience and Necessity the right of eminent domain for the acquisition of pipe line rights-of-way, compressor station sites and other necessary land. The foregoing summary of certain provisions of the Act does not purport to be complete and reference is made to the Act for a complete statement of the terms thereof.

The Commission has in certain cases by order allocated to various users the quantities of natural gas delivered by a natural gas company notwithstanding contract commitments.

The Company has Certificates of Public Convenience and Necessity issued by the Commission authorizing the acquisition and operation of its present facilities.

State Regulation

The States of Texas, New Mexico, Arizona and Colorado each have in effect laws regulating, under their respective State commissions, various aspects of the business of public utilities (as defined in such laws) operating in such respective States, including rates, service charges, accounts, and in the case of New Mexico, Arizona and Colorado, the issuance of securities. In the opinion of counsel for the Company, no action or approval by any of the State commissions involved is necessary for the valid issuance of securities by the Company.

Decisions of the United States Supreme Court hold, in substance, that the Federal Power Commission may regulate the price paid producers for gas sold in interstate commerce for resale, that States may regulate direct sales of gas made in interstate commerce to local consumers by a natural gas company and may require such company first to obtain a certificate of public convenience and necessity from the State in which such sale is made. The Company has been making sales of gas in interstate commerce in Texas, New Mexico and Arizona to industries and others for their own consumption and not for resale for over twenty years, but thus far no attempt has been made by any of said States to regulate such sales or to require the Company to obtain such certificate.

The Company makes intrastate sales of gas in Texas to ten customers for resale and distribution to the public, which may be subject to the jurisdiction of the Texas Railroad Commission

[illegible] sales in 1955 amounted to 2.23% by volume of the Company's total gas sales. In New Mexico, [illegible] portion of the Company's business consisting of sales to two utilities for resale might be deemed [illegible] and subject to regulation by the Public Service Commission of that State to the extent [illegible] necessary to determine the reasonableness of the cost and the adequacy of delivery of gas to the [illegible] for distribution to the public. In 1955, such sales amounted to 1.43% of the total volume [illegible] the Company's gas sales.

MANAGEMENT

The directors and executive officers of the Company are as follows:

Paul Kayser, *Director and President*	C. C. Cragin, *Director and Consultant*
C. L. Perkins, *Director, Vice President and General Manager*	Lindsay Bradford, *Director*
R. F. Sims, *Director, Vice President and General Superintendent*	A. R. Grambling, *Director*
Howard Boyd, *Director, Vice President and Assistant General Counsel*	W. J. K. Vanston, *Director*
Paul T. Wagner, *Director, Vice President and Associate General Counsel*	Arnold R. La Force, *Financial Vice President*
R. H. Tucker, *Director and Vice President*	J. F. Eichelmann, *Vice President and Executive Engineer*
Frank A. Liddell, *Director and General Counsel*	Virgil Rittmann, *Secretary and Treasurer*
	Maxwell C. Norwood, *Controller*

The principal occupation of each of such executive officers during the past five years has been [illegible] employment with the Company, except for Howard Boyd, who joined the Company in August [illegible] and who prior to that time was a member of the law firm of Hogan & Hartson, of [illegible]ington, D. C., and Arnold R. La Force who joined the Company in April of 1956. Previous [illegible] that time Mr. La Force was Second Vice President of Metropolitan Life Insurance Company.

The aggregate remuneration (exclusive of pension, retirement and similar payments) paid [illegible] 1955 by the Company and its subsidiaries for services in all capacities to (a) each director, and [illegible]ch of the three highest paid officers, of the Company whose aggregate direct remuneration [illegible]xceeded $30,000 and (b) all persons, as a group, who were directors or officers of the Company [illegible] as follows:

Name of Individual or Number of Persons	Capacity in Which Remuneration was Received	Aggregate Direct Remuneration
[illegible]ul Kayser	President and Director	$ 55,850.00
[illegible]. L. Perkins	Vice President and General Manager and Director	47,483.32
[illegible]oward Boyd	Vice President and Assistant General Counsel and Director	52,833.34
[illegible]. F. Sims	Vice President and General Superintendent and Director	34,250.00
[illegible]ul T. Wagner	Vice President and Associate General Counsel and Director	34,100.00
[illegible]. H. Tucker	Vice President and Director	31,816.66
[illegible] Directors and Officers, as a Group		386,679.98

It is estimated that the aggregate annual retirement benefits which will accrue under the [illegible] Retirement Annuity Plan, as amended by the Board of Directors on January 9, 1956 [illegible] approved by the stockholders at the annual meeting held on April 24, 1956, for the five officers [illegible] shown other than Mr. Kayser (assuming continuance of employment until normal retire-

ment date at the rate of compensation currently in effect) will be as follows: Mr. Perkins, $30,
Mr. Boyd, $21,112; Mr. Steen, $22,861; Mr. Wagner, $12,465; and Mr. Tucker, $8,294. Re
ment benefits are currently being paid to Mr. Kayser, with 50% continuation of the benefit
joint annuitant, at the annual rate of $5,045.28. Mr. Kayser has elected not to participate
any of the additional benefits provided under the Amended Plan.

Mr. Frank A. Liddell, a Director and General Counsel of the Company, is a member of
law firm of Liddell, Austin, Dawson & Huggins, of Houston, Texas, and Mr. A. R. Grambling
Director of the Company, is a member of the law firm of Hardie, Grambling, Sims & Fenlo
El Paso, Texas. The two firms mentioned performed legal services for the Company and
subsidiaries during 1955, and were paid $63,785.82 and $109,831.00, respectively, as compensa
for such services. It is anticipated that such firms will perform like services for the Company
its subsidiaries from time to time in the future.

Mr. W. J. K. Vanston, a Director of the Company, is a limited partner of White, Weld &
one of the principal underwriters of the New First Preferred Stock offered hereby. The Com
is advised that, as a limited partner, Mr. Vanston does not share in the profits of the firm, inclu
any profits that White, Weld & Co. may realize in connection with the underwriting of the
First Preferred Stock or for services which said firm has rendered to the Company.

In 1954, as stated under "Business", Rare Metals was organized by the Company and Wes
Natural which purchased $600,000 and $200,000, respectively, of the Capital Stock of Rare Me
at the price of $1.00 per share, and, in connection therewith, additional shares of Rare Metals w
offered to certain officers and employees of the Company and Western Natural and their respec
subsidiaries at the offering price of $1.00 per share. An aggregate of 46,300 shares of such Cap
Stock were purchased by certain of the then officers of the Company and the shares so purcha
are subject to agreements with the Company, extending for a period up to five years, limiting
transferability of the shares and giving the Company right to purchase the same at the offer
price in the event of severance of employment without the consent of the Company and in cer
other events.

As of May 31, 1956, the directors and officers of the Company, as a group, owned benefici
110,459 shares (2.2%) of the outstanding Common Stock of the Company; 23 shares of the
standing First Preferred Stock and 200 shares of the outstanding Second Preferred Stock.

EMPLOYEE RELATIONS

At May 31, 1956, the Company had in its employ approximately 5,717 employees. The Co
pany's relations with its employees are good.

The Company instituted its Employee Retirement Annuity Plan in 1945 which was opera
through a group annuity contract with an insurance company. The 1945 Plan, with the appro
of the stockholders at the annual meeting held on April 24, 1956, was amended effective Janu
1, 1956 to be a trusteed plan, of the type that has become more prevalent in recent years und
which all contributions, both by the Company and its participating subsidiaries and by
employees, are deposited in a trust fund. The Amended Plan provides for a monthly retirem
income, including any annuity payable under the 1945 Plan but exclusive of any Social Secur
benefits, in an amount equal to the sum of (a) 1% of the employee's monthly base rate of pay
January 1, 1956 (⅓ of 1% of such rate of pay in the case of an employee who was eligible for
who did not participate in the 1945 Plan), multiplied by the number of the employee's years
service prior to January 1, 1956 exclusive of the first year and (b) for each year of "future servi
beginning January 1, 1956 or the later date of the commencement of the employee's participa
in such Plan, an amount equal to 1⅓% of the portion of his monthly base rate of pay from ti
to time in effect which is covered by Social Security (at present $4,200 per year) plus 2% of
portion of such pay not covered by Social Security. Under the Amended Plan, the minim

ly benefit payable to a retired member is not less than $3 per month for each year of service ling the first year, and the maximum monthly retirement benefit is limited to $2,500.

t is estimated that the aggregate annual contributions of the Company and its subsidiaries the Amended Plan, including provisions for funding the cost for past services benefits over ear period, will be approximately $1,082,006 based upon present payrolls.

he Company also contributes to a group insurance plan for employees, providing life insur- sickness, accident, hospitalization and surgical fee benefits. The estimated cost to the any for the present participants in such plan is approximately $400,000 for 1956.

DESCRIPTION OF FIRST PREFERRED STOCK

he Cumulative Preferred Stock of the par value of $100 per share (the "First Preferred ") is issuable in series, which shall be of equal rank in respect of dividends and liquidation rences, irrespective of series, but may vary as to designation, dividend rate, sinking fund or ase fund provisions, redemption prices, amounts payable upon liquidation, dissolution or ing-up, and exchange or conversion rights, if any, as may be determined by the Board of tors in case of each series.

he New First Preferred Stock is being established as a sixth series by resolutions adopted e Board of Directors of the Company and by a Certificate of Designation which is being filed recorded pursuant to the laws of Delaware promptly after the Registration Statement becomes ive. The following is a brief description of the terms of the First referred Stock, a complete ment of which is set forth in the Certificate of Incorporation of the Company, as amended, and Certificate of Designation, copies of which are exhibits to the Registration Statement and are porated herein by reference.

ind Rights

The First Preferred Stock is entitled to quarterly cumulative dividends, if and when declared e Board of Directors out of the assets of the Company available for dividends, at the rates for the respective series (in the case of the New First Preferred Stock at the annual rate set on page 3 of the Prospectus), in preference to any dividends or distributions on or purchase demption of the Common Stock or the Second Preferred Stock or any other class of stock ing junior to the First Preferred Stock.

The provisions of the Company's Indenture of Mortgage, dated as of June 1, 1946, as supple- ed and modified, as to certain restrictions on the payment of dividends on, or the purchase demption of, the Company's stocks are summarized below under "Indenture Limitations on lends". Similar restrictions are contained in the indentures relating to the Company's out- ling sinking fund debentures.

g Rights and Restrictions on Certain Corporate Action

Holders of First Preferred Stock are not entitled to vote except as required by law and except llows:

(a) When dividends on the First Preferred Stock shall be in default in an amount equal to four or more full quarterly dividends per share, then the holders of the First Preferred Stock shall have the right to vote as a class to elect two members of the Board of Directors, until all dividend arrears on such stock and the current dividend shall have been paid or de- clared and set apart for payment.

(b) Without the assent of the holders of at least two-thirds of the then issued and out- standing First Preferred Stock, the Company shall not

(i) authorize, create or issue, or increase the authorized amount of, any prior stock, or authorize, create or issue any stock or obligations convertible into or evidencing the right to purchase any prior stock; or

(ii) adversely amend, alter or repeal any of the rights, preferences or powers of the First Preferred Stock fixed in or determined as provided in the Certificate of Incorporation or

(iii) sell, lease, transfer or convey (otherwise than as security) all or the greater part of the Company's property or business; or

(iv) merge or consolidate with or into any other corporation in such manner that the Company does not survive as the continuing entity, if thereby the rights, preferences or powers of the First Preferred Stock would be adversely affected or, unless the appropriate vote or consent is obtained, if there would thereupon be authorized or outstanding securities which the Company, if it owned all the properties then owned by the resulting corporation, could not create or issue without a vote or consent of the holders of the First Preferred Stock.

(c) Without the assent of the holders of at least a majority of the then issued and outstanding First Preferred Stock, the Company shall not

(i) increase the authorized amount of First Preferred Stock, or authorize, create or increase the authorized amount of any parity stock, or authorize, create or issue any stock or obligations convertible into or evidencing the right to purchase any parity stock; or

(ii) issue or sell additional shares of First Preferred Stock or any shares of any parity stock,

(a) unless the Company's "net earnings available for interest and dividends" for any period of twelve consecutive months out of fifteen months immediately preceding such issue or sale, amount to at least one and three-quarters times the sum of (1) the aggregate amount of interest accrued for such period on all indebtedness of the Company from time to time outstanding during such period less the amount capitalized as interest during construction for such period, plus (2) the aggregate annual dividend requirements on all shares of First Preferred Stock and prior or parity stock, to be outstanding after giving effect to the proposed issue or sale of such stock, and

(b) unless the Company's "net earnings available for dividends", for any such twelve months' period, shall amount to at least three and one-half times the aggregate annual dividend requirements on all shares of First Preferred Stock and prior or parity stock to be outstanding after giving effect to the proposed issue or sale of such stock; or

(c) if after such issuance or sale the net assets of the Company remaining after deducting all liabilities (other than capital, stock premium and surplus accounts) and reserves are less than 225% of the par value, or, in case of stock without par value, the preference on involuntary liquidation, of the First Preferred Stock and any prior or parity stock to be outstanding; or

(iii) declare or pay any dividend (other than dividends payable in shares of junior stock) or make any other distribution on, or purchase or redeem or retire (otherwise than in exchange for or with the proceeds of other junior stock), any shares of junior stock except out of net earnings after December 31, 1945 (after all dividends paid or accrued since that date on the First Preferred Stock and any prior or parity stock) and then only if after such action the net assets of the Company remaining after deducting all liabilities (other than capital, stock premium and surplus accounts) and reserves are at least 225% of the par value, or, in case of stock without par value, the preference on involuntary liquidation, of the First Preferred Stock and any prior or parity stock.

(d) Without a specified class vote or consent of the holders of First Preferred Stock, the Company shall not purchase, redeem or otherwise retire for a consideration any shares of First Preferred Stock or any parity stock during the continuance of any default in the payment of dividends on the First Preferred Stock.

For the purpose of the foregoing provisions, the "net earnings available for interest and dividends" are defined to mean the net earnings of the Company computed in accordance with sound accounting practice by deducting from total operating income and revenues total operating expenses, including income taxes and other taxes, rentals and insurance, current repairs and maintenance and provision for depletion and depreciation of oil and gas properties and appropriations for retirement reserves for other properties, but excluding charges for interest and amortization of debt discount and expense, and adding to the difference net non-operating income, other than profits and losses from the sale of fixed properties or the purchase or sale of securities. Certain earnings from newly acquired properties may be included and earnings from any plant or system which has been sold or disposed of are to be excluded. The "net earnings available for dividends" are to be computed in the same manner, except that there shall also be deducted any interest paid or accrued and amortization of debt discount and expense. It determining net earnings or earned surplus for the purpose of the earnings and asset coverage tests mentioned above, revenues collected subject to refund by virtue of an order of the Federal Power Commission or other regulatory authority relating to an application for increased rates shall, if such increased rates remain in effect and so subject to refund at the time of computation, be included to the extent that, in the opinion of independent public accountants retained by the Company, the inclusion of such revenues does not result in a rate of return on the business of Company subject to rate regulation by such authority in excess of the rate of return last allowed to the Company by such authority.

The foregoing provisions as to assent by holders of the First Preferred Stock do not apply if, in connection with any of the matters mentioned in (b), (c) and (d) above, provision is to be made for the redemption or retirement of all of the outstanding First Preferred Stock.

No consent or other authorization by holders of the First Preferred Stock is necessary for the incurring or issuance by the Company of any secured or unsecured indebtedness.

Liquidation Rights

In the event of any liquidation, dissolution or winding-up of the Company, the holders of First Preferred Stock of each series are entitled, before any distribution on junior stock, to receive the fixed liquidation price for such series plus, in case such action shall have been voluntary, the fixed liquidation premium, if any, for such series, together in all cases with all dividends accrued or in arrear. The amount so fixed with respect to the New First Preferred Stock is set forth under "New First Preferred Stock".

Redemption Provisions

Subject to certain restrictions contained in the Certificate of Incorporation as amended, the Company may at any time redeem the whole or any part of the First Preferred Stock or of any series thereof, upon at least thirty days' notice, at the applicable redemption price. The optional and sinking fund redemption prices for the New First Preferred Stock are set forth under "New First Preferred Stock". Shares of First Preferred Stock redeemed or purchased or surrendered upon the conversion or exchange thereof may not be reissued.

Sinking Fund Provisions

The five present series of the First Preferred Stock, namely, the 4.10% Cumulative Preferred Stock, the 4¼% Cumulative Preferred Stock, the 5¼% Cumulative Preferred Stock, the 5.36% Cumulative Preferred Stock and the 5.65% Cumulative Preferred Stock, are entitled to the benefit of fixed sinking funds in the annual amount of 2%, and contingent earnings sinking funds in the annual amount of 2% for the 4.10% Cumulative Preferred Stock and 3% for each of the other series, of the maximum number of shares of the series in question at any one time outstanding, commencing in 1956 in the case of the 4.10% and 4¼% Cumulative Preferred Stocks and commencing in 1957 in the case of the 5¼%, 5.36% and 5.65% Cumulative Preferred Stocks. Such

EL PASO NATURAL GAS COMPANY SYSTEM MAP

ARIZONA

NEW MEXICO

LEGEND

- EL PASO NATURAL GAS COMPANY AND SUBSIDIARIES PIPELINES.
- EL PASO NATURAL GAS COMPANY PIPELINES CERTIFICATED BUT NOT INSTALLED.
- EL PASO NATURAL GAS COMPANY PIPELINES PENDING CERTIFICATION.
- EL PASO NATURAL GAS COMPANY PROPOSED PIPELINES.
- EL PASO NATURAL GAS COMPANY LIQUID PRODUCTS PIPELINES.
- EL PASO NATURAL GAS COMPANY LIQUID PRODUCTS PIPELINES PENDING CERTIFICATION.
- CONNECTING PIPELINES BELONGING TO OTHER COMPANIES.
- COMPRESSOR STATION.
- PROPOSED COMPRESSOR STATION.
- TURBINE CENTRIFUGAL STATION.
- PROPOSED TURBINE CENTRIFUGAL STATION.
- GAS DEHYDRATION PLANT.
- PROPOSED GAS DEHYDRATION PLANT.
- GAS PURIFICATION AND DEHYDRATION PLANT.
- PROPOSED GAS PURIFICATION AND DEHYDRATION PLANT.
- GASOLINE ABSORPTION PLANT.
- PROPOSED GASOLINE ABSORPTION PLANT.
- GASOLINE PRODUCTS FRACTIONATION PLANT.
- GAS AND GAS AND OIL POOLS.

SCALE OF MILES

NEW MEXICO

NATURAL GAS COMPANY SYSTEM MAP

sinking fund obligations, which are cumulative, may be met by redeeming shares or by delivery to the Transfer Agent shares purchased or otherwise acquired by the Company. Sinking fund provisions applicable to the New First Preferred Stock are described under "New First Preferred Stock".

Other Provisions

The holders of First Preferred Stock have no pre-emptive or other subscription rights and holders of full-paid shares of First Preferred Stock are under no liability to further calls or assessment. The presently existing series of the First Preferred Stock have, and the New First Preferred Stock will have, no conversion rights.

Indenture Limitations on Dividends, etc.

The Indentures relating to the Company's First Mortgage Pipe Line Bonds and Debentures provide that, so long as any of said Bonds or Debentures are outstanding, the Company will not declare or pay any dividends or make any other distribution on any of its stock of any class (other than cash dividends on shares of its First Preferred Stock or Second Preferred Stock issued prior to September 30, 1955 and other than dividends in stock junior to the Second Preferred Stock) or purchase or redeem or retire (otherwise than in exchange for or from the proceeds of the substantially simultaneous sale of other shares of stock) any shares of its capital stock, except to comply with any sinking fund obligation for any series of First Preferred Stock or Second Preferred Stock issued prior to September 30, 19[illegible] if the aggregate amount so declared or distributed or expended, plus the amount of cash dividends paid on any shares of First Preferred Stock or Second Preferred Stock issued prior to September 30, 1955 and expenditures for such permitted sinking fund purposes for the period from December 31, 1945 to the date of declaration or payment, would exceed the aggregate net earnings of the Company for the period from December 31, 1945 to the date of declaration or payment after deducting from said aggregate net earnings the sum of $12,500,000. In addition, the Indenture relating to the Company's 4¼% Sinking Fund Debentures due 19[illegible] provides that the Company shall not declare or pay any such dividend or make any such distribution, purchase or retirement if, after giving effect thereto, the aggregate principal amount of all funded debt of the Company, as defined, would exceed 75% of the total capitalization of the Company, as defined. Under these restrictions and giving effect to the refunds and other adjustments contained in the Company's offer for settlement submitted to the Federal Power Commission on March 29, 1956 referred to under "Rates" above, the amount of the Company's net earnings available for dividends as of April 30, 1956 was approximately $22,657,377.

LEGAL OPINIONS AND EXPERTS

Legal matters in connection with the New First Preferred Stock will be passed upon for the Company by Messrs. Shearman & Sterling & Wright, 20 Exchange Place, New York 5, N. Y., for Messrs. Liddell, Austin, Dawson & Huggins, Chronicle Building, Houston, Texas, and for the Underwriters by Messrs. Cahill, Gordon, Reindel & Ohl, 63 Wall Street, New York 5, N. Y.

The statements made under the captions "Character of Ownership", "Rates", "Regulation" and "Regulations Affecting Gas Supply" and the statements made with respect to concessions and franchises in Part II of the Registration Statement have been prepared or reviewed by Messrs. Liddell, Austin, Dawson & Huggins as to matters of Federal and Texas law and titles to property in Texas; by Messrs. Boyle, Bilby, Thompson & Shoenhair, of Tucson, Arizona, as to matters of Arizona law and titles to property in Arizona; by Messrs. Seth and Montgomery, of Santa Fe, New Mexico, as to matters of New Mexico law and titles to property in New Mexico (other than leasehold rights and interests and other properties in the San Juan Basin); and by Messrs. Hardy, Grambling, Sims & Feuille, of El Paso, Texas, as to titles to leasehold rights and interests in New Mexico and Colorado. The statements made under the captions "State Regulation" and

Regulations Affecting Gas Supply" have been prepared or reviewed by Messrs. Lewis, Grant & Davis, of Denver, Colorado, as to matters of Colorado law; and, as to matters of law and legal conclusions, such statements are made on the authority of said respective firms as experts.

The financial statements and supporting schedules in the Prospectus and in the Registration Statement have been examined by Main and Company, independent certified public accountants. Main and Company have also reviewed the summary of earnings of the Company and its subsidiaries included herein under "Summary of Consolidated Earnings". Such financial statements and summary have been set forth herein and in the Registration Statement in reliance upon the authority of said firm as experts.

The report of Messrs. Brokaw, Dixon & McKee as to the reserves of gas available to the Company set forth under the heading "Gas Supply" has been included herein in reliance upon the authority of said firm as experts.

CERTIFICATE OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors of
El Paso Natural Gas Company:

We have examined the consolidated balance sheet of El Paso Natural Gas Company and subsidiary companies as of April 30, 1956, and the related income and surplus statements for the three years ended December 31, 1955, and the four months ended April 30, 1956. We have also examined the summary of consolidated earnings for the five years ended December 31, 1955, and the twelve months ended April 30, 1956, appearing under "Summary of Consolidated Earnings" in this Prospectus. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Subject to final determination of gas sales rates effective April 15, 1955 referred to in Note 9 to financial statements, in our opinion the accompanying consolidated balance sheet, income statement, surplus statement and summary of consolidated earnings present fairly the financial position of El Paso Natural Gas Company and subsidiary companies at April 30, 1956, and the results of their operations for the periods set forth above; and all were prepared in conformity with generally accepted accounting principles applied on a consistent basis.

MAIN AND COMPANY
Certified Public Accountants

New York, New York,
July 23, 1956.

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EL PASO NATURAL GAS COMPANY AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET

April 30, 1956

ASSETS

Properties, Plant and Equipment (Note 3)	
Gas production, transmission, etc., including $19,837,373 construction work in progress	$686,923,4
Oil production	2,977,3
Oil refining and marketing, including $565,125 construction work in progress	4,865,7
Excess of cost of investment in consolidated subsidiary over book value at date of acquisition	580,1
	$695,347,3
Less: Reserves for depreciation, amortization and depletion	109,110,9
	$586,236,4
Investments, at cost	
Subsidiaries not consolidated	$ 1,435,0
Other investments (Note 4)	15,055,3
Excess of cost of investment in consolidated subsidiary over book value at dates of acquisitions	621,9
	$ 17,113,9
Current Assets	
Cash	$ 17,994,5
Special construction fund on deposit with trustee	40,362,7
Special deposits	973,5
Notes receivable	625,0
Accounts receivable	
Customers	17,981,8
Subsidiaries not consolidated	295,1
Other	2,309,6
Inventories	
Materials and supplies for operation and construction, at average cost	12,069,8
Crude oil, at average cost; oil and gas products, and merchandise, substantially at estimated cost, which is lower than market	1,705,8
Gas in underground storage, at average cost	373,5
Prepayments and other	1,739,2
	$ 95,859,6
Deferred Debits	
Unamortized debt expense	$ 1,001,8
Other	2,443,2
	$ 3,444,8
Reacquired Securities, at par (Note 5)	$ 0,0
	$702,653,7

The accompanying notes to financial statements should be read in conjunction with this balance sheet

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EL PASO NATURAL GAS COMPANY AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET

April 30, 1956

LIABILITIES

Capital Stock and Surplus	
Cumulative First Preferred Stock (Note 6)	$ 48,844,500
Convertible Second Preferred Stock (Note 6)	26,408,900
Common Stock, par value $3 per share	
Authorized, 6,500,000 shares; outstanding, 5,030,879 shares (including 2,364 treasury shares)	15,092,637
Premium on capital stock (See Consolidated Surplus Statement)	84,910,677
Capital surplus (See Consolidated Surplus Statement)	213,373
Earned surplus (See Consolidated Surplus Statement) (Note 7)	33,807,574
Total Capital Stock and Surplus	$209,277,661
Long-Term Debt (Note 8)	
First mortgage pipe line bonds	$359,389,000
Sinking fund debentures	38,800,000
Note payable to bank, due 1960	10,000,000
Miscellaneous long-term debt	5,658,498
Total Long-Term Debt	$413,847,498
Less: Long-term debt due within one year	24,249,198
Balance of Long-Term Debt	$389,598,300
Total Capitalization	$598,875,961
Current Liabilities	
Long-term debt due within one year	$ 24,249,198
Notes payable to banks	35,300,000
Accounts payable	13,135,150
Dividends declared	934,480
Accrued payroll	696,757
Accrued federal income tax	9,909,695
Accrued taxes, other than federal income tax	3,340,084
Accrued interest	3,689,251
Provision for rate refunds, less tax (Note 9)	3,666,903
	$ 94,821,518
Deferred Credits	
Unamortized premium on debt	$ 111,220
Customers' advances for construction (Note 10)	8,276,109
	$ 8,387,329
Contributions in Aid of Construction	$ 572,561
Commitments and Contingent Liabilities (Note 14)	
	$702,657,369

The accompanying notes to financial statements should be read in conjunction with this balance sheet.

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EL PASO NATURAL GAS COMPANY AND SUBSIDIARY COMPANIES

CONSOLIDATED INCOME STATEMENT FOR THE PERIODS INDICATED

	Years Ended December 31,			Four Months Ended April 30,
	1952	1954	1955	1956
Operating Revenues				
Gas sales (Note 9)	$105,638,603	$132,894,573	$161,815,357	$62,7
Extracted products sales	4,694,836	8,326,907	12,747,242	4,6
Refined products sales	—	—	1,447,628	4,4
Other	810,594	2,620,965	3,440,865	1,4
	$111,144,033	$143,842,445	$179,451,092	$73,0
Operating Revenue Deductions				
Gas purchased	$ 44,323,050	$ 57,420,867	$ 64,399,973	$23,9
Petroleum products purchased	—	—	1,075,225	2,8
Operation	15,896,485	24,497,830	29,994,323	11,4
Maintenance (Note 11)	4,357,081	5,485,935	7,072,448	2,0
Exploration and development	2,010,680	3,163,215	4,860,233	2,4
Depreciation, amortization and depletion (Notes 11 and 12)	14,188,864	21,135,514	23,885,842	8,2
Taxes, other than federal income tax (Note 11)	4,846,901	4,987,612	5,826,601	2,1
	$ 85,623,061	$116,690,973	$137,114,645	$53,0
Net Operating Revenues Before Federal Income Tax	$ 25,520,972	$ 27,151,472	$ 42,336,447	$19,9
Other Income — Net (principally interest and dividend income from investments)	584,875	757,679	462,245	1
Gross Income Before Federal Income Tax	$ 26,105,847	$ 27,909,151	$ 42,798,692	$20,1
Income Deductions				
Interest on long-term debt	$ 9,294,564	$ 13,428,108	$ 13,759,192	$ 5,0
Other interest	1,076,391	1,208,280	776,405	2
Amortization of debt expense and premium (net)	40,102	60,819	62,884	
Interest charged to construction — *credit*	*4,125,085*	*2,269,772*	*473,861*	*4*
Miscellaneous income deductions	77,047	142,434	157,041	
Minority interest in net income of Utah Natural Gas Company	45,160	35,872	45,813	
	$ 6,408,179	$ 12,605,741	$ 14,327,474	$ 4,9
Net Income Before Federal Income Tax	$ 19,697,668	$ 15,303,410	$ 28,471,218	$15,1
Federal Income Tax (Note 1)	1,358,189	2,986,000	8,084,000	5,6
Net Income Before Provision for Refunds	$ 18,339,479	$ 12,317,410	$ 20,387,218	$ 9,5
Provision for Rate Refunds, Less Tax (Note 9)	1,577,614	91,867	1,322,445	6
Net Income (Note 13)	$ 16,761,865	$ 12,225,543	$ 19,064,773	$ 8,8

The accompanying notes to financial statements should be read in conjunction with this income statement.

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EL PASO NATURAL GAS COMPANY AND SUBSIDIARY COMPANIES

CONSOLIDATED SURPLUS STATEMENT FOR THE PERIODS INDICATED

	Years Ended December 31,			Four Months Ended
	1952	1954	1955	April 30, 1956
EARNED SURPLUS				
t Beginning of Period (Note 1)	$19,361,451	$24,935,263	$23,913,778	$29,314,054
come	16,761,865	12,225,543	19,064,773	8,882,250
ment of write-off required by Federal Power Commission in nection with gas plant acquired during 1951	—	—	14,622	—
Total	$36,123,316	$37,160,806	$42,993,173	$38,196,304
nds paid on Preferred Stock—cash: ulative Preferred Stocks, at rates ranging from 4.10% to 5%	$ 1,871,429	$ 2,606,368	$ 2,587,329	$ 1,289,699
vertible Second Preferred Stocks, at rates ranging from 5% to 4.40%	706,187	545,519	1,212,226	588,622
nds paid on Common Stock: dividends at annual rate of $1.60 per share during 1953 and .00 per share during 1954 and 1955 and the four months ded April 30, 1956	6,727,838	9,338,009	9,791,395	2,494,371
ial dividend consisting of 88,026 shares of common stock of estern Natural Gas Company (book cost, $107,885), together th equalizing cash payments totaling $157,886 in lieu of ctional shares. The market value of the common stock of estern Natural Gas Company on the date of distribution was 5.62½ per share	265,771	—	—	—
ses applicable to issuance of additional stock	1,565,895	710,973	26,904	—
emption premium and unamortized debt expense (net) on long- debt retired before maturity	50,933	46,159	61,265	11,541
adjustments	—	—	—	4,497
Total Deductions	$11,188,053	$13,247,028	$13,679,119	$ 4,388,730
at End of Period (Note 7)	$24,935,263	$23,913,778	$29,314,054	$33,807,574
CAPITAL SURPLUS				
at Beginning of Period	$ 233,321	$ 248,753	$ 173,463	$ 187,886
ess, from premium on capital stock, of issue premium appli- ble to Cumulative Preferred Stock retired and Second Pre- ed Stock redeemed	—	27,772	27,000	27,000
ss of par value over cost of Cumulative Preferred Stock quired	33,561	187	—	—
Total	$ 266,882	$ 276,712	$ 200,463	$ 214,886
ss of cost over par value of Common Stock and Cumulative ferred Stock reacquired	$ 18,129	$ 7,886	$ 10,077	$ 1,513
ium and miscellaneous expenses in connection with exchange redemption of Second Preferred Stock	—	95,363	2,500	—
Total Deductions	$ 18,129	$ 103,249	$ 12,577	$ 1,513
at End of Period	$ 248,753	$ 173,463	$ 187,886	$ 213,373
PREMIUM ON CAPITAL STOCK				
at Beginning of Period	$34,097,467	$67,551,505	$77,850,807	$82,424,716
ss of proceeds received over par value of previously unissued mon Stock sold	28,208,479	—	—	—
ium from conversion of Second Preferred Stock into Common k	2,927,639	10,327,074	2,499,284	830,051
ium from conversion of 3½% Convertible Debentures into mon Stock	2,317,920	—	—	—
ss of market value over par value of Common Stock issued change for capital stock of McNutt Oil & Refining Co., Inc. ne changed to El Paso Natural Gas Products Company) for certain oil and gas properties	—	—	2,101,625	1,682,910
Total	$67,551,505	$77,878,579	$82,451,716	$84,937,677
premium applicable to Cumulative Preferred Stock retired Second Preferred Stock redeemed	—	27,772	27,000	27,000
at End of Period	$67,551,505	$77,850,807	$82,424,716	$84,910,677

The accompanying notes to financial statements should be read in conjunction with this surplus statement.

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EL PASO NATURAL GAS COMPANY AND SUBSIDIARY COMPANIES

NOTES TO FINANCIAL STATEMENTS

Note 1. The financial statements have been restated to give effect to provision for additional ... refunds as explained in Note 9, to certain adjustments in amounts of federal income tax ... result of agents' examinations of returns and to the inclusion of a subsidiary company acq... October 21, 1955, which was not previously included in the consolidation prior to January 1, ...

Note 2. The principle followed in preparing the consolidated financial statements was to inc... El Paso Natural Gas Company and the companies listed below. El Paso Natural Gas Prod... Company, acquired October 21, 1955, had not been included in the consolidation prior ... January 1, 1956.

	Investment in Capital Stock of Subsidiaries as Shown by Parent's Books	Parent's Equity in Net Assets of Such Subsidiaries	Differe...
100% owned by El Paso Natural Gas Company			
El Paso Gas Transportation Corporation	$ 22,000	$ 311,396	$289,3...
Cia. Occidental de Gas, S.A. de Capital Variable (a Mexican company)	418,067	672,409	254,3...
San Juan Pipe Line Company (inactive)	1,000	1,000	
El Paso Natural Gas Building Company	500,000	924,356	424,3...
El Paso Natural Gas Products Company	3,249,980	2,811,106	438,8...
West Lake Natural Gasoline Company	1,000	1,000	
99.9% owned by El Paso Natural Gas Company			
Utah Natural Gas Company	2,749,158	2,496,256	252,9...
100% owned by Utah Natural Gas Company			
Utah-Western Pipeline Company (inactive)	1,000	1,000	
	$6,942,205	$7,218,523	$276,3...

* Credit.

The difference of $276,318 is accounted for as follows:

Operating income of subsidiary companies, reflected in earned surplus		$1,479,9...
Less: Excess of parent company's cost over book value of subsidiaries at dates of acquisitions		
Utah Natural Gas Company (excess included in other investments)	$623,544	
El Paso Natural Gas Products Company (excess included in properties, plant and equipment)	580,108	1,203,6...
Difference		$ 276,3...

Rare Metals Corporation of America (56% owned by the Company), its two wholly-ow... subsidiaries and Odessa Butadiene Company (55% owned by El Paso Natural Gas Prod... Company) are omitted in the consolidation. Separate statements of those companies are ... included herein since such companies, in the aggregate, do not constitute a significant subsid... as defined by rules of the Securities and Exchange Commission.

All significant inter-company items of those companies included in the consolidation ... been eliminated in the preparation of the consolidated financial statements.

EL PASO NATURAL GAS COMPANY AND SUBSIDIARY COMPANIES

NOTES TO FINANCIAL STATEMENTS (Continued)

Fixed assets, reserves, etc., of Cia. Occidental de Gas, S.A. de Capital Variable (a Mexican company) have been recorded at actual exchange rates prevailing at the dates the transactions occurred.

Note 3. Properties, plant and equipment are stated at original cost, except for refining and marketing facilities of El Paso Natural Gas Products Company, which are stated at cost together with an amount of $302,265 representing an appraisal write-up made in 1946 for which the accumulated reserve for depreciation at April 30, 1956 is $265,000.

Properties, plant and equipment includes $4,062,681 representing the Company's investment in certain gas wells and the gas rights under certain leases purchased in a transaction whereby the Company took title subject to a deed of trust lien securing payment of a debt in the present amount of $30,625,000 (which amount may be increased in the event that the gas reserves underlying such leases, upon a revaluation to take place on or about July 1, 1966, are found to be larger than now estimated by the Company) payable in quarterly installments of varying amounts over a period commencing April 1, 1957, and ending January 1, 1977. However, the Company has not assumed the obligations of such deed of trust or the payment of such debt and the same do not constitute liabilities of the Company although foreclosure of such deed of trust upon default might result in loss of title. The Company may, at its option, rescind its purchase and receive reimbursement of amounts expended by it if on December 20, 1956 (a) title deficiencies have reduced below certain stated amounts the gas reserves acquired through such purchase or (b) the Federal Power Commission shall fail to grant a Certificate of Public Convenience and Necessity covering the construction, ownership and operation of facilities necessary in order to permit the Company to market the gas produced from such leases.

By order dated November 26, 1954 relating to the rate matter for the period January 1, 1953 to April 14, 1955 referred to in Note 9 below, the Federal Power Commission disallowed $901,927 representing a portion of the interest capitalized by the Company on one of its major construction projects during the years 1948-1951, inclusive. Subsequently, the Commission granted the Company's request for a stay of such order, and to date has not ordered the Company to record such adjustment on its books. The Company disagrees with the disallowance and does not intend to adjust its books unless so ordered by the Commission.

Note 4. Other investments include (a) $9,458,572 representing balance of loans made in connection with gas purchase contracts, including $8,228,613 repayable, in accordance with terms of the respective agreements, out of a portion of the proceeds of gas purchased by El Paso Natural Gas Company and (b) $4,111,101 representing the cost of shares of stocks of Western Natural Gas Company: common, 847,422 shares; 5% convertible preferred ($30 par value), 1952 series, 47,005 shares, 1955 series, 42,372 shares, equivalent, respectively, to approximately 23.2%, 24.8% and 23.2% of total shares outstanding. At April 30, 1956, the bid and asked prices quoted for such stocks on the over-the-counter market were as follows: common, $9¾ bid and $9⅞ asked; 1952 series preferred, $30 bid and $31 asked; 1955 series preferred, $33 bid and $34 asked. Shares of the 1952 series and 1955 series preferred stocks of Western Natural Gas Company are convertible into shares of such company's common stock, currently on the basis of conversion prices of $15 and $12, respectively, per share of common stock.

At April 30, 1956, 677,393 shares of the common stock of Western Natural Gas Company referred to above were held by the Corporate Trustee under El Paso Natural Gas Company's Indenture of Mortgage as supplemented, subject to release from the lien of such Indenture upon the deposit with the Corporate Trustee of the sum of $2.43⅞ per share. 163,750 additional shares of such common stock were held by four banks as collateral security for loans made to El Paso Natural Gas Company employees for the purchase of shares of the Company's Common Stock under the Employees' Stock Purchase Plan of 1953.

The capital stock of El Paso Gas Transportation Corporation is held by the Corporate Trustee under El Paso Natural Gas Company's Indenture of Mortgage as supplemented. The capital stock of Cia. Occidental de Gas, S.A. de Capital Variable is held in escrow for the benefit

EL PASO NATURAL GAS COMPANY AND SUBSIDIARY COMPANIES

NOTES TO FINANCIAL STATEMENTS (Continued)

of holders of First Mortgage Pipe Line Bonds of El Paso Natural Gas Company in accord with an escrow agreement dated as of June 1, 1946. The amounts of the Company's investm in these subsidiaries are eliminated in the consolidation.

Note 5. Reacquired securities represent securities of El Paso Natural Gas Company and con of 2,364 shares of Common Stock and 13 shares of 4.10% Cumulative Preferred Stock.

Note 6. The following issues of Preferred Stocks of El Paso Natural Gas Company were st standing at April 30, 1956:

	Shares Authorized	Shares Outstanding	Optional Redemption Price Per Share*	Sinking Fund Redemption Price Per Share*	Amo Outs
First Preferred Stock, par value $100 per share, 600,000 shares authorized					
4.10% Cumulative Preferred Stock	75,000**	66,000**	$111***	$109	$ 6,60
4¼% Cumulative Preferred Stock	25,000	22,445	105	100	2,24
5½% Cumulative Preferred Stock	100,000	100,000	106	102	10,00
5.36% Cumulative Preferred Stock	100,000	100,000	104	100	10,00
5.65% Cumulative Preferred Stock	200,000	200,000	108***	100	20,00
Total					$48,84
Second Preferred Stock without par value, 472,288 shares authorized					
$4.40 Convertible Second Preferred Stock, Series of 1954	300,000	264,089	103	100	$26,40

* Plus dividends accrued or in arrears.
** Includes treasury shares referred to in Note 5 to financial statements.
*** Redemption price declines at various future dates.

The Preferred Stocks are callable in whole or in part at the optional redemption price in each series or, to the extent required for any sinking fund for the series, at the applicable sinki fund redemption price.

If not in default in the payment of dividends on its Preferred Stocks, El Paso Natural G Company is currently obligated to redeem on each June 1, in the case of the 4.10% and 4½ Cumulative Preferred Stocks, and commencing in 1957 will be obligated to redeem on ea June 1, in the case of the 5½%, 5.36% and 5.65% Cumulative Preferred Stocks,

(1) as fixed sinking funds, a number of shares of Preferred Stock of each such se equal to 2% of the maximum number of shares of such series at any one ti outstanding; and

(2) as contingent earnings sinking funds, an additional number of shares equal, in t case of the 4.10% Cumulative Preferred Stock, to 2% and, in the case of th 4¼%, 5½%, 5.36% and 5.65% Cumulative Preferred Stocks, to 3% of the maximu number of shares of such series at any one time outstanding, provided that th Company shall have the right to defer satisfaction of any such contingent earnin sinking fund obligation if and to the extent that its net earnings available f sinking fund purposes for the calendar year next preceding such June 1, determin as provided in the certificates establishing the terms and characteristics of th respective series of the Preferred Stock, are not sufficient for such purposes.

During each of the years 1954 and 1955, 3,000 shares of the 4.10% Cumulative Preferr Stock and 1,250 shares of the 4¼% Cumulative Preferred Stock were retired in satisfaction o sinking fund obligations.

In the case of the $4.40 Convertible Second Preferred Stock, Series of 1954, the sinki fund obligations commence in 1965 and require the redemption on each June 1 of a number o

EL PASO NATURAL GAS COMPANY AND SUBSIDIARY COMPANIES

NOTES TO FINANCIAL STATEMENTS (Continued)

shares equal to 2% for the fixed sinking fund, and 3% for the contingent earnings sinking fund, of the maximum number of shares of such stock outstanding at any time prior to the March 15 next preceding such June 1, reduced by the aggregate number of shares of such stock which on or prior to December 31, 1964 shall have been converted into or exchanged for shares of Common Stock.

The fixed sinking fund and contingent sinking fund obligations are cumulative.

The shares of $4.40 Convertible Second Preferred Stock, Series of 1954, are convertible into Common Stock of El Paso Natural Gas Company at the conversion price of $41.25 per share, taking the Second Preferred Stock at $100 per share. Such conversion price will change to $43.25 on January 1, 1960 and also is subject to adjustment in certain events.

Following approval by its stockholders of an increase in the number of authorized shares of its First Preferred Stock to 1,000,000 shares, the Company proposes to issue and sell 250,000 shares of a new series of such stock as more fully set forth in this Prospectus.

Note 7. The indentures relating to the Company's First Mortgage Pipe Line Bonds and Sinking Fund Debentures, the agreement relating to the Company's long-term note payable to bank and the Company's Certificate of Incorporation, as amended, all impose restrictions as to the payment of dividends on any class of the Company's stock, other than cash dividends on its presently outstanding Preferred Stocks. As of April 30, 1956, $9,662,726 of the Company's earned surplus was so restricted.

Note 8. The following series of First Mortgage Pipe Line Bonds and Sinking Fund Debentures were outstanding at April 30, 1956:

	Principal Amount Authorized	Outstanding April 30, 1956 (Including Amounts Due Within One Year)
First Mortgage Pipe Line Bonds		
El Paso Natural Gas Company		
3% Series due 1966	$ 36,000,000	$ 20,620,000
Second 3% Series due 1966	15,000,000	9,330,000
3¼% Series due 1968	36,000,000	25,700,000
3¼% Series due 1964	24,000,000	15,984,000
Second 3¼% Series due 1964	12,000,000	8,910,000
3¼% Series due 1965	28,000,000	22,610,000
3⅜% Series due 1967	14,000,000	11,960,000
3¼% Series due 1968	65,000,000	60,500,000
4⅛% Series due 1968	120,000,000	115,000,000
3¾% Series due 1972	132,000,000	66,000,000
Utah Natural Gas Company		
4⅛% Series due 1973	3,000,000	2,775,000
Total First Mortgage Pipe Line Bonds		$359,389,000
Sinking Fund Debentures		
El Paso Natural Gas Company		
3¼% due 1957	$ 16,000,000	$ 4,800,000
3% due 1958	8,000,000	4,000,000
4¼% due 1968	30,000,000	30,000,000
Total Sinking Fund Debentures		$ 38,800,000

EL PASO NATURAL GAS COMPANY AND SUBSIDIARY COMPANIES

NOTES TO FINANCIAL STATEMENTS (Continued)

An additional $66,000,000 of First Mortgage Pipe Line Bonds, 3¼% Series due 19[illegible] are issuable prior to December 31, 1957 pursuant to bond purchase agreements with cert[illegible] institutional investors. Semi-annual sinking fund payments, to be applied to the redemption [illegible] the bonds and sinking fund debentures at the applicable sinking fund redemption prices, a[illegible] required to be made in the following amounts (exclusive of redemption premiums wh[illegible] applicable) during twelve months' periods ending April 30: 1957, $23,788,000; 1958, $24,153,0[illegible] 1959, $25,498,000; 1960, $27,323,000; 1961, $27,738,000; and, in subsequent periods, at vary[illegible] amounts sufficient in the aggregate to retire all of such bonds and debentures by their respe[illegible] maturity dates.

Miscellaneous long-term debt includes $2,916,236, representing the remaining balanc[illegible] April 30, 1956 of a $3,000,000, 4½% first mortgage note of El Paso Natural Gas Building Co[illegible] pany. Quarterly principal and interest payments totaling $200,520 annually are required to [illegible] made on this note, with a final installment of $941,732 payable December 21, 1974.

Note 9. Gas sales include $20,794,030 resulting from increased rates made effective April 15, 19[illegible] subject to refund under order of the Federal Power Commission. Provision has been made [illegible] refund of a portion of this rate increase based upon the difference between a 6% rate of ret[illegible] found reasonable for the Company under an order of the Commission dated November 20, 19[illegible] and a 6½% rate of return claimed by the Company in its application. Other issues may [illegible] involved in this rate case but in the opinion of the Company no provision for additional refu[illegible] is required. Provision has also been made for a refund of $3,218,316 applicable to 1953 sa[illegible] together with accrued interest, pursuant to order of the Commission dated July 20, 1956 relat[illegible] to increased rates in effect from January 1, 1953 to April 14, 1955, inclusive. See "Rates" here[illegible] for further details as to these rate matters. Following is a summary of the provisions for re[illegible] refunds:

	Years Ended December 31,			Four Months Ended April 30, 1956	Twelve Months Ended April 30, (See "Summary of Consolidated Earnings")
	1953	1954	1955		
Provision for refund — rates in effect from January 1, 1953 to April 14, 1955, inclusive					
Refund ordered, applicable to 1953 sales	$3,218,316				
Accrued interest	68,379	$191,390	$ 193,156	$ 64,384	$ 193,1[illegible]
Federal income tax reduction	(1,709,081)	(99,523)	(100,441)	(33,480)	(100,4[illegible]
	$1,577,614	$ 91,867	$ 92,715	$ 30,904	$ 92,7[illegible]
Provision for refund — rates in effect since April 15, 1955					
Refund provision			$2,525,687	$1,288,029	$3,686,7[illegible]
Accrued interest			36,251	53,789	90,0[illegible]
Federal income tax reduction			(1,332,208)	(697,745)	(1,948,3[illegible]
			$1,229,730	$ 644,073	$1,768,4[illegible]
Total Provision for Rate Refunds, Less Tax	$1,577,614	$ 91,867	$1,322,445	$ 674,977	$1,892,1[illegible]

EL PASO NATURAL GAS COMPANY AND SUBSIDIARY COMPANIES

NOTES TO FINANCIAL STATEMENTS (Continued)

Note 10. Customers' advances for construction include $7,768,328, representing the remaining balance at April 30, 1956 of a total amount of $12,000,000 advanced during 1952 on behalf of three customers for the acquisition and development by El Paso Natural Gas Company of gas production properties. Such advances are repayable, together with interest at 3.68% per annum, in monthly installments. These monthly installments, including interest, have averaged approximately $161,000 each.

Note 11. The amounts of maintenance and repairs, depreciation, rents and royalties charged to accounts other than operating expenses are not significant. Rents and royalties charged to operating expenses are as follows:

	1953	1954	1955	Four Months Ended April 30, 1956
Rents, excluding inter-company items eliminated in consolidation	$ 539,695	$1,013,883	$1,140,597	$ 479,308
Royalties, including oil and gas leasehold royalties	2,914,185	4,829,620	5,502,443	1,405,798

Taxes, other than federal income tax, are as follows:

	1953	1954	1955	Four Months Ended April 30, 1956
Property taxes	$2,826,181	$3,858,790	$4,455,145	$1,627,611
Texas gas gathering tax	1,307,822	—	—	—
Payroll taxes	517,287	526,235	500,635	287,511
State production and other taxes	684,371	962,193	1,023,200	400,123
Total	$5,335,661*	$5,347,218*	$5,978,980*	$2,315,245*
Charged to:				
Operating expenses	$1,854,123	$4,989,660	$5,818,939	$2,190,848
Gas plant	303,559	239,976	105,034	70,837
Other	177,979	117,582	55,007	53,560
Total	$5,335,661*	$5,347,218*	$5,978,980*	$2,315,245*

*Excludes state sales and use taxes for the reason that it is impracticable to ascertain amounts thereof.

Note 12. Depreciation on (a) gas transmission facilities, (b) gas production facilities, other than wells and leases and (c) other gas facilities is computed by the straight-line method at rates ranging from (a) 3⅓% to 6⅔%, (b) 4% to 6⅔% and (c) 2½% to 33⅓%, respectively, applied to the cost of the respective facilities less estimated salvage value. Depreciation and depletion on gas and oil wells and leases are provided by the unit of production method. Depreciation on refining and marketing facilities acquired prior to July 1, 1954 is computed by the

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EL PASO NATURAL GAS COMPANY AND SUBSIDIARY COMPANIES

NOTES TO FINANCIAL STATEMENTS (Concluded)

straight-line method at rates ranging from 3½% to 20% and on such facilities subsequ acquired, by the declining balance method at double straight-line rates.

Maintenance, repairs and minor renewals are charged to expense. Additions and be ments are charged to property accounts. Retirements are eliminated from the property acc and, after deduction for net salvage, are charged to reserve accounts, except that retirem and applicable accumulated depreciation of refining and marketing property of a subsi company are eliminated from the property and reserve accounts and any gains or losses refl in income.

The amounts of depreciation, depletion and amortization claimed for federal income purposes by the Company and its consolidated subsidiaries for the years 1953 and 1954 $14,416,975 and $20,845,792, respectively, and the amount to be claimed for the year 195 a return to be filed prior to September 15, 1956 is expected to be approximately $23,592,000

Note 13. Net income has been increased as follows, due to the reduction of net interest exp and federal income tax as a result of the deduction of intangible drilling costs and interest taxes during construction for federal income tax purposes but capitalizing such items for other purposes as permitted by the rules of the Federal Power Commission: 1953, $9,63 1954, $4,970,269; 1955, $6,997,886; four months ended April 30, 1956, $2,406,244.

Note 14. El Paso Natural Gas Company has made substantial commitments in connection w its Second Permian-San Juan Construction Project, designed to increase gas delivery cap by 450,000 MCF per day. As of April 30, 1956, the Company estimated that approxima $147,000,000 will be required to complete this project. Reference is made to "Expansion P gram" in this Prospectus as to the Company's plans for financing such project. The Com is further committed to spend substantial amounts over a period of years in the develop of certain of its gas properties, and has guaranteed payment of principal and interest on a note of one of its gas suppliers in the principal amount of $750,000, due December 31, 1

Suit has been brought against the Company by certain producing companies for $14 plus 6% interest from September 30, 1944, alleged to be due plaintiffs under purchase cont There is no other litigation or claim against either the Company or its subsidiaries whi considered to be significant in amount.

El Paso Natural Gas Company has agreed to repurchase, at rates substantially less the current market price, shares of its Common Stock sold to employees under various s purchase plans.

Effective as of January 1, 1956, the Company adopted an amended Retirement Inc Plan, as referred to under the caption "Employee Relations" in this Prospectus. Based present payrolls, it is estimated that the aggregate annual contributions of the Company its consolidated subsidiaries under the Plan, including provision for funding the past ser benefits thereunder over a twenty-year period, will be approximately $1,082,006. The unfu past service cost of the Plan at December 31, 1955 was $2,609,925.

UNDERWRITING

The Underwriters have severally agreed, subject to the terms and conditions of the Underiting Agreement, to purchase from the Company the respective numbers of shares of New st Preferred Stock set forth below:

Underwriter	Address	Number of Shares
..., Weld & Co.	40 Wall Street, New York 5, N. Y.	16,000
...ert W. Baird & Co., Incorporated	110 East Wisconsin Avenue, Milwaukee 1, Wisconsin	1,500
...arth & Co.	404 Montgomery Street, San Francisco 4, California	1,000
...man, Eichler & Co.	453 South Spring Street, Los Angeles 13, California	1,500
...G. Becker & Co. Incorporated	120 South La Salle Street, Chicago 3, Illinois	7,500
...iam Blair & Company	135 South La Salle Street, Chicago 3, Illinois	1,500
...h & Co., Inc.	14 Wall Street, New York 5, N. Y.	11,150
...worth, Sullivan & Company, Inc.	660 Seventeenth Street, Denver 2, Colorado	1,500
...cher & Sherrerd	1500 Walnut Street, Philadelphia 2, Pa.	1,500
...k, Dodge & Co.	61 Wall Street, New York 5, N. Y.	3,600
...ard W. Clarke Corporation	527 Fifth Avenue, New York 17, N. Y.	1,000
...ral Republic Company (Incorporated)	209 South La Salle Street, Chicago 90, Illinois	3,600
...e Collins & Company	105 South La Salle Street, Chicago 3, Illinois	1,500
...rn & Co.	11 Marietta Street, N.W., Atlanta, Georgia	1,500
...well, Weedon & Co.	650 South Spring Street, Los Angeles 14, California	1,000
...I. Dain & Company, Incorporated	110 South Sixth Street, Minneapolis 2, Minnesota	1,000
...s, Skaggs & Co.	111 Sutter Street, San Francisco 4, California	1,000
...mer & Company	South Texas Building, San Antonio, Texas	1,000
...mick & Dominick	14 Wall Street, New York 5, N. Y.	3,600
...el & Co.	1500 Walnut Street, Philadelphia 1, Pa.	3,600
...man, Dillon & Co.	15 Broad Street, New York 5, N. Y.	7,500
...rthy & Co.	111 Sutter Street, San Francisco 4, California	1,000
...brook & Co.	15 State Street, Boston 9, Massachusetts	3,600
...ublic Securities Corporation	Two Wall Street, New York 5, N. Y.	3,600
...First Boston Corporation	100 Broadway, New York 5, N. Y.	11,150
...r, Forgan & Co.	40 Wall Street, New York 5, N. Y.	7,500
...rman, Sachs & Co.	30 Pine Street, New York 5, N. Y.	7,500
...rman Ripley & Co., Incorporated	63 Wall Street, New York 5, N. Y.	7,500
...obill, Noyes & Co.	15 Broad Street, New York 5, N. Y.	3,600
...Hogle & Co.	132 So. Main Street, Salt Lake City 1, Utah	1,000
...ahlower & Weeks	40 Wall Street, New York 5, N. Y.	3,600
...ard, Weil, Labouisse, Friedrichs ...d Company	222 Carondelet Street, New Orleans 12, Louisiana	1,000
...Hutton & Company	61 Broadway, New York 6, N. Y.	1,500
...E. Hutton & Co.	14 Wall Street, New York 5, N. Y.	3,600
...lls & Snyder	100 Broadway, New York 5, N. Y.	1,000
...der, Peabody & Co.	17 Wall Street, New York 5, N. Y.	7,500
...ard Freres & Co.	44 Wall Street, New York 5, N. Y.	7,500
...Higginson Corporation	40 Wall Street, New York 5, N. Y.	3,600
...man Brothers	One William Street, New York 4, N. Y.	11,150
...er, Ryons & Co.	623 South Hope Street, Los Angeles 17, California	1,500
...g Lundborg & Co.	310 Sansome Street, San Francisco 4, California	1,500
...rence M. Marks & Co.	48 Wall Street, New York 5, N. Y.	3,600
...ns-Hagan, Inc.	1110 East Main Street, Richmond, Virginia	1,500
...Cormick & Co.	231 South La Salle Street, Chicago 4, Illinois	1,500
...rrill Lynch, Pierce, Fenner & Beane	70 Pine Street, New York 5, N. Y.	7,500
...Ohio Company	51 North High Street, Columbus 15, Ohio	1,500

Underwriter	Address	Number of Shares
Paine, Webber, Jackson & Curtis	25 Broad Street, New York 4, N. Y.	7,500
Rotan Mosle & Co.	1510 Bank of the Southwest Bldg., Houston 2, Texas	1,500
Salomon Bros. & Hutzler	60 Wall Street, New York 5, N. Y.	3,600
Saunders, Stiver & Co.	One Terminal Tower, Cleveland 13, Ohio	1,000
Schneider, Bernet & Hickman, Inc.	1000 Southwestern Life Building, Dallas 1, Texas	1,000
Schwabacher & Co.	100 Montgomery Street, San Francisco 4, California	1,000
Shields & Company	44 Wall Street, New York 5, N. Y.	3,600
Shuman, Agnew & Co.	155 Sansome Street, San Francisco 4, California	3,600
Smith, Barney & Co.	14 Wall Street, New York 5, N. Y.	7,500
F. S. Smithers & Co.	One Wall Street, New York 5, N. Y.	1,500
William R. Staats & Co.	640 South Spring Street, Los Angeles 14, California	1,500
Stern, Douglass & Co., Inc.	465 California Street, San Francisco 4, California	1,000
Stone & Webster Securities Corporation	90 Broad Street, New York 4, N. Y.	13,500
Sutro & Co.	460 Montgomery Street, San Francisco 4, California	1,000
Underwood, Neuhaus & Co., Incorporated	724 Travis at Rusk, Houston 2, Texas	1,000
Union Securities Corporation	65 Broadway, New York 6, N. Y.	7,500
Vietor, Common, Dann & Co.	Ellicott Square Building, Buffalo 3, New York	1,000
Wagenseller & Durst, Inc.	626 South Spring Street, Los Angeles 14, California	1,000
G. H. Walker & Co.	One Wall Street, New York 5, N. Y.	3,600
Watling, Lerchen & Co.	Ford Building, Detroit 26, Michigan	1,500
Dean Witter & Co.	45 Montgomery Street, San Francisco 6, California	7,500
		250,000

The Underwriting Agreement provides that the obligations of the Underwriters are subject to certain conditions precedent, and the nature of the underwriting commitment is such that if any shares are purchased, all of the shares will be purchased.

The Company has been advised by White, Weld & Co., as Representative of the several Underwriters, as follows:

The shares of New First Preferred Stock are being initially offered by the Underwriters for sale at the public offering price set forth on the cover page hereof for delivery when, as and if accepted by the Underwriters and subject to approval of certain legal matters by counsel and to the right of the Underwriters to withdraw, cancel or modify the offering. Each Underwriter has authorized the Representative to reserve for sale and to sell to retail purchasers at the public offering price and to certain Selected Dealers, among whom may be included one or more of the Underwriters, at such price less a concession of $1.75 per share, such of the shares of New First Preferred Stock as the Representative may determine. Underwriters may allow and Selected Dealers may reallow a concession of 25 cents per share to other dealers who are members of the National Association of Securities Dealers, Inc. or to foreign dealers ineligible for such membership who agree to conform to the Rules of Fair Practice of said Association.

EL PASO NATURAL GAS COMPANY

PAUL KAYSER,
President

(3006)

Hearing Exhibit No. 3

Filed with Exrs. Certification
dated NOV 20 1958

EXH 33006

El Paso Natural Gas Company

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NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
to be held December 21, 1956

ers of Common Stock of
ASO NATURAL GAS COMPANY:

IS HEREBY GIVEN that a Special Meeting of the holders of Common Stock of EL PASO NATURAL GAS Delaware corporation (hereinafter called the Company), has been called by the Board of Directors of y and will be held at No. 100 West Tenth Street, Wilmington, Delaware, on December 21, 1956 at k A.M., Eastern Standard Time, for the purpose of considering and taking action on the following h have been proposed and declared advisable by the Board of Directors:

) amendment of the Company's Certificate of Incorporation, as heretofore amended, so as to increase horised amount of its Common Stock from 6,500,000 shares of the par value of $3 per share to 00 shares of the par value of $3 per share, and to change each outstanding share of Common Stock ar value of $3 per share into two shares of Common Stock of the par value of $3 per share, with an anying transfer from the Company's account entitled Premium on Common Stock to its Common Stock ccount of an amount equal to the aggregate par value of the additional shares of Common Stock issued lt of such change; and

) amendment of the Company's Certificate of Incorporation, as heretofore amended, so as to increase the authorized amount of its Common Stock by 5,300,000 additional shares of the par value of $3 per ch 5,300,000 shares to be designated Common B Stock until January 1, 1958 and to be excluded from ating in any cash dividends paid on the Common Stock during 1957 up to but not exceeding $2.60 per or an appropriate proportional adjusted amount per share in case of any stock split-ups, stock dividends, ment or reclassification of the Common Stock occurring subsequent to December 20, 1956, with the at if the two-for-one stock split in Item (1) is approved and becomes effective the $2.60 figure would o $1.30 on each share of Common Stock outstanding after such two-for-one split) but to be identical d entitled to all the rights of the Common Stock on a share for share basis in all other respects, January 1, 1958 such Common B Stock automatically to become and be Common Stock without any dividend restriction; and the acquisition by the Company of at least 2,435,000 shares (which is in excess of 80% of the shares outstanding) of the Common Stock of Pacific Northwest Pipeline through issuance in exchange therefor of shares of such Common B Stock of the Company, such be on pre-split basis of seven shares of Common B Stock for eight shares of Common Stock ic Northwest Pipeline Corporation, which if the stock split in Item (1) above is approved and becomes will be on the post-split basis of fourteen shares of Common B Stock for eight shares of the Common f Pacific Northwest Pipeline Corporation; and

) transaction of such other business as may properly come before the meeting or any adjournment

ckholders will vote separately on Items (1) and (2) above, and either one may be adopted without the other. The attention of stockholders is directed to the accompanying Proxy Statement which items in detail.

t to the By-Laws, November 19, 1956 at 3:30 o'clock P.M., Eastern Standard Time, has been fixed as ate for the meeting, and only stockholders of record at that date and time will be entitled to notice of at the meeting or any adjournment thereof.

ckholder who does not intend to be present in person at the meeting and desires to have his stock voted, ptly fill in and sign the accompanying form of proxy and return it in the enclosed envelope.

By Order of the Board of Directors,

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VIRGIL RITTMANN,
Secretary

ember 26, 1956.

(3007)

El Paso Natural Gas Company

PROXY STATEMENT

November 26, 19

This Proxy Statement is furnished in connection with the solicitation of proxies by the management of El Natural Gas Company (hereinafter called the Company) to be used at a Special Meeting of stockholders Company to be held on December 21, 1956 at No. 100 West Tenth Street, Wilmington, Delaware, for the pu set forth in the accompanying Notice of Special Meeting of Stockholders.

At November 19, 1956, the Company had issued and outstanding 737,237 shares of Preferred Stock, of t value of $100 per share (exclusive of 13 shares held by the Company as treasury stock), 150,307 sha Convertible Second Preferred Stock, no par value, and 5,303,955 shares of Common Stock, of the par valu per share (exclusive of 2,477 shares held by the Company as treasury stock). The shares referred to in "presently outstanding" are the shares issued and outstanding at November 19, 1956. The Company's Co Stock is the only class of its stock entitled to vote at the Special Meeting, and each share of such stock is e to one vote. So far as is known to your management, no person owns of record or beneficially more tha of the outstanding Common Stock of the Company.

The accompanying form of proxy is being solicited by the management of the Company, and will b by the proxies at the Special Meeting in the manner directed by the stockholder. If a stockholder sha the proxy in blank and not give any such direction to the proxies, the proxy will be voted by them in fa Items (1) and (2) specified in the Notice of Meeting. Proxies given on the accompanying form of proxy m revoked by the persons signing such form at any time before the authority thereby granted has been ex

THE PROPOSALS TO BE ACTED UPON AT THE MEETING

Two proposals are to be acted upon at the Special Meeting, and either one may be approved without a of the other, or both may be approved.

1. *Increase in Authorized Common Stock and Two-For-One Split-Up of Common Stock.*

The first proposal is to increase the Company's authorized Common Stock from 6,500,000 shares par value of $3 per share to 15,000,000 shares of the par value of $3 per share. This would be accompanied two-for-one split-up of the presently outstanding 5,306,432 shares (including the 2,477 shares held by the Co as treasury stock, plus any shares which may be issued upon conversion of the Company's outstanding Con Second Preferred Stock or upon surrender of outstanding scrip certificates subsequent to November 19 but prior to the filing of the Certificate of Amendment effecting the split-up) so that each such share of t value of $3 presently outstanding would be changed into two shares each of the par value of $3. The s would be accompanied by the transfer of $15,919,296 (plus any additional amount required as a result o increase in the outstanding shares of Common Stock through conversion of the Convertible Second Pre Stock or surrender of outstanding scrip certificates) from the Company's account entitled Premium on Co Stock to its Common Stock capital account. The split-up of the Common Stock should bring about a wider di tion of such stock and make it more readily marketable.

At November 19, 1956 the Company had available 828,601 shares (after subtraction of 364,344 shares re for issue upon conversion of Convertible Second Preferred Stock and of 623 shares reserved for issu surrender of outstanding scrip certificates) remaining unissued out of its presently authorized Common S in addition the Company had 2,477 shares of Common Stock in its treasury. The proposed increase in auth Common Stock will increase the number of such shares available for future issuance (other than on con of the Convertible Second Preferred Stock or the surrender of outstanding scrip) to 3,637,202 shares (in a the Company will have 4,954 shares of Common Stock in its treasury), and as a result the Company's Bo

ors will have somewhat greater leeway with respect to future issuance of Common Stock than if would have amount of authorized Common Stock was only increased in proportion to the split, that is, from 6,500,000 to 13,000,000 shares. Your management considers that this greater leeway is advisable in view of continued sion needs of the Company which will necessitate the raising in the future of additional debt and equity l. With this leeway the Company will be able to take advantage of favorable securities markets or favorable ilities for the acquisition of assets or other property without the delay which there otherwise would be in to obtain stockholder approval before the Company could proceed. If the increase in authorized Common is approved by the stockholders, the unissued shares of such stock may thereafter be issued at the discretion Board of Directors without further stockholder action, and since the stockholders of the Company have no ptive rights, such shares might be sold or otherwise issued without first offering them for purchase by the xisting Common stockholders of the Company. The management has no present intent to issue any shares unissued Common Stock except for issuance upon the stock split-up described herein. The Company may, er, sell up to 250,000 additional shares of its Convertible Second Preferred Stock some time during 1957.

f the increase in authorized Common Stock and the Common Stock split-up are approved by the stockholders, pected that an amendment to the Company's Certificate of Incorporation effecting the increase and the split-up e filed with the Secretary of State of Delaware on or about December 27, 1956. If the split-up becomes ve, stockholders will not have to surrender their stock certificates. Instead their existing certificates will ued to represent, on and after the effective date of the split-up, shares of Common Stock after the split-up, ere will be mailed to them as soon as possible after December 27, 1956 new stock certificates for the additional , at the rate of one additional share for each share of Common Stock held of record when the split-up es effective.

The Company has been advised by Messrs. Sullivan & Cromwell, who are advising the Company with respect stock split-up and the exchange offer, that under existing Federal income tax law, the increase in the ized amount of Common Stock and the two-for-one split-up of outstanding Common Stock will not result taxable gain or loss to the holders of Common Stock.

uthorization of Common B Stock and the Exchange Offer.

The second item to be taken up at the Special Meeting of stockholders is the proposal that the Company's cate of Incorporation be amended so as to increase further the authorized amount of Common Stock by 000 additional shares of the par value of $3 per share (which if the first proposal described above is approved sult in a total of 20,300,000 shares of authorized Common Stock), such 5,300,000 shares to be designated on B Stock until January 1, 1958, and to be excluded from participating in any cash dividends paid on the on Stock during 1957 up to but not exceeding $2.60 per share (or an appropriate adjusted amount per share of any stock split-ups, stock dividends, readjustment or reclassification of the Common Stock occurring ent to December 20, 1956) but to be identical with and entitled to all the rights of the Common Stock on for share basis in all other respects. Under this provision if at the Special Meeting the stockholders approve nge of each outstanding share of Common Stock into two shares of Common Stock, the $2.60 figure would sted by operation of the language in the proposed Certificate of Amendment to the Certificate of Incor- on to $1.30 on each of the shares of Common Stock which would be outstanding after such two-for-one . The Common B Stock will automatically become and be Common Stock on January 1, 1958 without any r action on the part of the Company or the holders of the Common B Stock.

is planned to offer shares of the Common B Stock in exchange for the outstanding Common Stock of Northwest Pipeline Corporation (hereinafter called Pacific), such offer to be contingent, among other upon the Company's acquiring at least 2,435,000 shares which is slightly in excess of 80% of the maximum r of shares of that corporation which may be outstanding upon consummation of the exchange offer. In izing the creation of the Common B Stock, the stockholders will be asked at the same time to approve roposed exchange offer. If the two for one split-up of the Common Stock is not approved, the exchange ill be made on the basis of seven shares of Common B Stock for each eight shares of Common Stock of . If, on the other hand, the split-up of the Common Stock is approved and becomes effective as proposed, change offer will be made on the basis of fourteen shares of Common B Stock for each eight shares of on Stock of Pacific. This second ratio of exchange is merely an adjustment of the seven for eight ratio necessary because of the stock split-up. At November 19, 1956 Pacific had outstanding 2,821,973 shares

of its Common Stock, had 140,000 additional shares reserved for issuance upon conversions of its outst $5.60 Series B Notes, and had an outstanding subscription contract covering 30,000 additional shares. Su of these shares may be outstanding when the proposed exchange offer is consummated, the total number of of Pacific which may then be outstanding is 2,991,973. If the split-up becomes effective and the exchang is then made on a fourteen-for-eight basis and is accepted by the holders of 2,435,000 shares (which is approxi 81.4% of 2,991,973 shares) of Pacific, this will require the issuance of 4,261,250 shares of Common B Stock the exchange offer is accepted by all stockholders of Pacific, this will require the issuance of a maxim 5,235,952 shares of the 5,300,000 shares of authorized Common B Stock.

The Common B Stock is being created solely for the exchange offer.

Your Board of Directors has no intention of issuing any shares of the Common B Stock if for any the exchange offer is not consummated, or of issuing any shares of Common B Stock not needed in co with the exchange offer, but in any event on January 1, 1958 the authorized shares of Common B Stock automatically become and be additional authorized shares of Common Stock which would then be availa issuance at the discretion of the Board of Directors the same as any other authorized but unissued sh Common Stock.

Your Board of Directors has approved the amendments to the Company's Certificate of Incorp required to accomplish the foregoing program and recommends that the stockholders approve them. The af vote of a majority in interest of the outstanding Common Stock of the Company is necessary to appro amendment and to approve the making of the exchange offer. If both amendments are approved by the holders, the Board of Directors will direct the filing and recording of a single Certificate of Amendment Company's Certificate of Incorporation incorporating the two amendments, such Certificate of Amendment substantially in the form attached hereto as Annex A. If one amendment but not the other is appro Certificate of Amendment will be modified so as to reflect only the amendment approved.

In connection with the proposed exchange offer, an agreement (hereinafter called the Agreement) h entered into between the Company, Pacific, and ten stockholders of Pacific owning in the aggregate approx 348,000 shares of its Common Stock and comprising the entire membership of its Board of Directors; pur which the Company agrees to make the exchange offer subject to various conditions, including its approval stockholders of the Company, the effectiveness of a registration statement registering the stock to be offer the Securities Act of 1933, the receipt of a favorable legal opinion with respect to the outstanding stock of and the receipt of a favorable tax ruling from the Internal Revenue Service with respect to the exchan The stockholders of Pacific who are parties to the Agreement agree to deposit their stock pursuant to change offer if it is made, or if they sell any of their stock prior to that time to have the purchaser writing for the benefit of the Company to accept the exchange offer if it is made as to the shares so pu The Agreement contains various other covenants on the part of the Company and Pacific, including an ag by the Company, at the request of Pacific, to lend to Pacific from time to time prior to December 31, 195 $15,000,000 against subordinated unsecured 5% promissory notes of Pacific payable on or before Dece 1957 at Pacific's option either in cash or by delivery of shares of common stock of Pacific at the rate of o for each $30 principal amount of notes.

It is expected that the exchange offer will commence on or about January 14, 1957. If it is not mad January 15, 1957 or such later date up to but not later than March 31, 1957 as Pacific permits, the Ag provides for termination of the Agreement either by Pacific or the stockholders who have signed it.

Under the terms of the Agreement, the exchange offer if made will remain open for 30 days, and, if during such period by the holders of at least 2,435,000 shares of Common Stock of Pacific, will be cons as to such shares promptly and will then remain open for the balance of such 30-day period and for such period up to but not later than May 1, 1957 as the Company may consider desirable. If, on the other h holders of at least 2,435,000 shares of Common Stock of Pacific do not accept the exchange offer within th 30-day period, the Company will have the right to extend it for a further 15 days, and Pacific will also h right to cause it to be extended for a period of 60 days beyond the original 30-day period, such further period, however, not to extend beyond May 1, 1957. The obligation of the Company under the Agreement up to $15,000,000 to Pacific, as described above, will continue irrespective of whether the exchange approved by the stockholders of the Company, or is ever made or consummated.

The Company has been advised by Messrs. Sullivan & Cromwell that the exchange offer, if it is made and es effective by reason of its acceptance by the holders of at least 2,435,000 shares of Common Stock of c, will be a non-taxable transaction from the standpoint of the Company and of the Pacific stockholders who t it. The Company and Pacific have applied for a ruling from the Internal Revenue Service confirming this vice, and the exchange offer will not be made until such tax ruling has been obtained.

Messrs. Sullivan & Cromwell have rendered an opinion to the Company with respect to the application of the rust laws to the proposed acquisition by the Company of 80% or more of the Common Stock of Pacific of the following is a summary: The opinion first summarizes the operations of the Company and Pacific and it to be counsel's understanding that the purpose of the proposed transaction is to bring about the most ve and economic supply structure for servicing the needs of natural gas consumers. After reviewing possible m areas, the extensive regulation by the Federal Power Commission of the activities of and rates charged th companies, the fact that statutory immunity from Section 7 of the Clayton Act is not available, and the tance of the conservationist effects of the transaction, the opinion notes that the antitrust questions raised no controlling precedent and are original, significant and difficult ones, which may require extensive hearings, dings and examination and cross-examination of witnesses and experts to resolve. Counsel concludes that the matter is not entirely free from doubt, it is their opinion that the proposed transaction is not in violation anti-trust laws presently in effect as so far construed by the courts. The opinion states that it is rendered on sumption that after full investigation, the purpose of the transaction would continue to prove to be as previously ed, and that it is qualified by the fact that problems under Section 7 cannot be evaluated definitively because of ucity of judicial decisions interpreting the statute.

No stockholder of the Company objecting to any of the proposals to be voted upon at the stockholders' g will be entitled to any appraisal rights.

THE RELATIVE MARKET VALUE OF THE COMMON STOCKS OF THE COMPANY AND PACIFIC AND CERTAIN OTHER INFORMATION

The following table shows the high and low sale prices of the Common Stock of the Company and the high w bid and asked prices on the over-the-counter market (to the extent available) of the Common Stock of for each quarterly period within the last two years and, in addition, shows the market prices which prevailed ch stocks during October, 1956, the period November 1-19, 1956 and on November 19, 1956. The Common of the Company is listed on the New York and San Francisco Stock Exchanges and the prices shown for the reported sale prices on the New York Stock Exchange. The Common Stock of Pacific is not listed on ock Exchange, and the range of bid and asked prices shown for it are as published in The Wall Street Journal, that the range on November 19, 1956 is as reported to the Company by the National Quotation Bureau Inc.

	Common Stock of the Company		Common Stock of Pacific			
			Bid Prices		Asked Prices	
	High	Low	High	Low	High	Low
954						
h Quarter	41⅛	37⅜	—	—	—	—
955						
t Quarter	46½	39¼	—	—	—	—
d Quarter	54½	44½	—	—	—	—
d Quarter	47⅜	42½	—	—	—	—
h Quarter	49	40¼	27¼	22	29¼	23¼
956						
t Quarter	49⅜	44⅛	29¼	27	30¼	28¼
d Quarter	52⅜	43	33¾	27	35¼	28½
d Quarter	59½	51⅜	37	32¾	39	34¼
onth of October	57⅞	50½	38½	31½	40½	33½
ovember 1-19, 1956	60⅞	56¼	43½	38½	45½	40½
ovember 19, 1956	56⅜	56⅜	41½	41¼	42	41¼

n the basis of the November 19, 1956 market price for the Common Stock of the Company, and assuming a nt of 5% in view of the fact that no dividends will be paid on the Common B Stock before January 1, 1958,

the Company will be offering stock having a pro forma aggregate market value of approximately $140,8[illegible] exchange for the outstanding Common Stock of Pacific. There is, of course, no assurance that the Com[illegible] Stock issued upon the exchange will actually have this market value.

The following table sets forth the book equity of Pacific's Common Stock on a consolidated basis a[illegible] conversion of its outstanding 5.6% Series B Interim Notes into Common Stock. The table also indicates t[illegible] Pacific's investments in the Common Stock of its subsidiary, Northwest Production Corporation, and in the (o[illegible] Stock of Westcoast Transmission Company, Limited are valued at average market quotations on November 19[illegible] the resultant equity of Pacific's Common Stock in the pipeline net assets (at cost) plus the valuation a[illegible] average market quotations of the above investments totals approximately $91,800,000. In this connection at[illegible] is directed to the financial statements of Pacific attached hereto and comprising part of this Proxy St[illegible]

		As of August 31, [illegible]
Gas Plant in Process of Construction, at original cost		$198,583,48[illegible]
*Investments in Associated Companies		13,836,70[illegible]
Current Assets		19,086,9[illegible]
Deferred Charges		4,609,0[illegible]
Total Assets		$236,116,2[illegible]
Less:		
Current Liabilities	$ 12,858,67[illegible]	
Long-Term Debt	171,829,000	
Interim Notes Payable in Preferred Stock	23,020,000	207,707,67[illegible]
Remaining Common Stock Equity		$ 28,408,[illegible]
Book Value Per Pacific Common Share (Assuming conversion of 5.6% Series B Interim Notes there would be 2,951,973 shares outstanding)		$9.62

* Pacific's investment in associated companies at August 31, 1956 was as follows:

Name	Common Shares Owned	Per Cent of Voting Interest	Investment at Cost	Average Market Quotation Per Share on November 19, 1956 or Latest Available	Inves[illegible] at Ma[illegible] Quota[illegible] Nove[illegible] 1956 or Ava[illegible]
Northwest Production Corporation	6,664,000	69	$ 6,664,000	6[illegible]	$[illegible]
Westcoast Transmission Company Limited	1,127,750	25	5,638,750	28[illegible]	5,[illegible]
Phillips Pacific Chemical Company	490	49	1,472,450	—	[illegible]
Other			61,500	—	[illegible]
Total			$13,836,700		$[illegible]

At August 31, 1956, the book value per share of the Company's Common Stock was $27.47, and [illegible] value per share of Pacific's Common Stock was $9.62. If the investments by the Company and by Pa[illegible] securities of other companies having market quotations are valued at their average market quotations on N[illegible] 19, 1956 rather than at cost, the adjusted book value per share, as of August 31, 1956, was $29.25 per share [illegible] Company and $31.10 per share for Pacific. On the basis of the average market quotations on November [illegible] for the Common Stocks of the Company and of Pacific, assuming a discount of 5% on the Common B St[illegible] the Company in view of the fact that no dividends will be paid on it before January 1, 1958 and assuming [illegible] of the Common Stock split-up, fourteen shares of Common B Stock would have a pro forma aggregate [illegible] value of approximately $376 as compared with a pro forma aggregate market value of $333 for eight [illegible] Common Stock of Pacific.

The earnings per share, after taxes, of the Company's Common Stock were $3.12 during 1953, $1.8[illegible] 1954; $3.06 during 1955; and $2.78 during the eight months ended August 31, 1956, all after the ad[illegible] referred to in Note 9 to the annexed financial statements of the Company. The properties of Pacific ha[illegible] commenced full-scale commercial operation and have shown no earnings to date.

e Company has paid the following dividends per share on its Common Stock since 1952: During 1953 $1.60 e share of common stock of Western Natural Gas Company for each 45 shares of Common Stock of the ny; during 1954 $2.00; during 1955 $2.00; and during the ten months ended October 31, 1956 $1.50. mpany has also declared a dividend of 65¢ per share on its Common Stock payable on December 18, 1956 to lders of record at November 30, 1956. Pacific has paid no dividends on its Common Stock. Neither the y nor Pacific is in default in payment of principal or interest in respect of any of their outstanding debt ues or preferred stocks.

e seven-for-eight basis of exchange was arrived at after extensive negotiations between the principal officers Company and of Pacific, and the Agreement entered into between the Company, Pacific, and certain of stockholders with respect to the exchange offer was approved by the Boards of Directors of both companies. is of exchange reflects consideration on the part of the officers and Boards of Directors of the two companies comparative book and market values of their respective stocks, the comparative investments of each company market value of such investments, the extent and location of the gas reserves of each company, the comparative tax position of each company, and the extent and location of the assets of each company and the l earnings which may be derived therefrom.

e following table shows how the Common Stock equity of the Company will be distributed if the split-up effective and the exchange offer is accepted by all stockholders of Pacific. For this purpose, the Common is considered the same as Common Stock, and the figures given would have to be adjusted if any shares Company's Convertible Second Preferred Stock are converted into Common Stock after November 19, 1956 re completion of the exchange offer:

	Common Stock or Common B Stock	Percentage of Aggregate Outstanding Shares of Common Stock and Common B Stock
To be owned by present Common stockholders of the Company	10,612,864 shs.	64.0%
Issuable upon conversion of the Company's Convertible Second Preferred Stock	729,934 shs.	4.4%
To be owned by present Common stockholders of Pacific	5,235,952 shs.	31.6%
TOTALS	16,578,750 shs.	100 %

TOCKHOLDINGS OF DIRECTORS AND OFFICERS OF THE COMPANY AND OF PACIFIC IN THE STOCKS OF SUCH COMPANIES

re is set forth in the table below the names of each officer and director of the Company and of Pacific number of shares of stock in the Company and in Pacific beneficially owned by each as at the close of on November 2, 1956:

	Stocks of the Company			
Directors and Officers of the Company	First Preferred Stock	Convertible Second Preferred Stock	Common Stock	Common Stock of Pacific
rd Boyd, Director, Vice President and Assistant eral Counsel	None	None	1,600	None
y Bradford, Director	None	None	453	None
Cragin, Director and Consultant	20	None	12,009	None
ichelmann, Vice President and Executive Engineer	None	None	1,797	None
Grambling, Director	None	None	685	None
Kayser, Director and President	None	None	54,749	None
d R. La Force, Financial Vice President	None	None	3,500	None
A. Liddell, Director and General Counsel	None	None	17,985	None
ell C. Norwood, Controller	None	None	1,327	1,000
Perkins, Director, Vice President and General nager	None	None	4,241	None
Rittmann, Secretary and Treasurer	None	None	1,625	300

Directors and Officers of the Company	Stocks of the Company: First Preferred Stock	Convertible Second Preferred Stock	Common Stock
H. F. Steen, Director, Vice President and General Superintendent	1	None	1,830
D. H. Tucker, Director and Vice President	None	None	1,627
W. J. K. Vanston, Director	None	None	2,600
Fred T. Wagner, Director, Vice President and Associate General Counsel	None	None	3,900
Directors and Officers of Pacific			
Clyde H. Alexander, Director	None	None	None
Arthur B. Allyne, Vice President	None	None	None
J. M. Clark, Vice President	None	None	None
Ray C. Fish, Director and Chairman of the Board	None	None	None
Alfred C. Glassell, Jr., Director	None	None	100
Robert R. Herring, Director	None	None	None
Allen B. Hyatt, Vice President	None	None	None
Norman V. Kinsey, Director	None	None	None
Leon M. Payne, Director, Vice President and Secretary	None	None	None
Franz Schneider, Director	None	None	None
Charles K. Schwartz, Director	None	None	None
Stuart F. Silloway, Director and President	None	None	None
C. A. Watson, Treasurer and Assistant Secretary	None	None	None
C. R. Williams, Director and Vice Chairman of the Board	None	None	1,000

(1) In addition Mr. Silloway is entitled under a subscription agreement entered into with Pacific on Octobe to purchase from Pacific 30,000 shares of its Common Stock at $31 per share. Mr. Silloway also has a stock option purchase of 30,000 shares of Common Stock of Pacific, exercisable 6,000 shares annually on or after June 15 of ea from 1957 to 1961 and terminating as to any unexercised portion on July 15, 1961, at the option price of $27.5 per Discussions are presently under way between the Company and Mr. Silloway contemplating an arrangement whe the proposed exchange offer is consummated Mr. Silloway may be afforded an opportunity to exchange for o Common Stock of the Company, on a ratio no more favorable to Mr. Silloway than the exchange offer, as of Common Stock of Pacific he may acquire as a result of the exercise of his said stock option.

All ten directors of Pacific are parties to the Agreement pursuant to which the exchange offer will b By the terms of this Agreement they are required to deposit their shares in Pacific pursuant to the exchan as soon as practicable within the original 30-day period of the offer, or if they sell any of their shares prio commencement of the exchange offer, to cause the purchaser to agree in writing for the benefit of the C to accept the exchange offer as to such shares.

THE BUSINESS AND PROPERTIES OF THE COMPANY

The Company's principal business is the ownership and operation of a pipeline system for the trans and sale of natural gas, supplying customers in west Texas, southern and northwestern New Mexico and s and delivering gas at the Arizona-California boundary to distribution companies which transport the delivered to their distribution systems in California and Nevada. At December 31, 1955, the Company's system included 6,419 miles of main and branch transmission lines and its main transmission lines had a capacity of approximately 1,888,000 Mcf* of natural gas per day. The Company's gas supplies com cipally from the so-called Permian Basin, the Texas Panhandle and the San Juan Basin in the Northwest of New Mexico and neighboring areas. The Company purchases approximately 89% of the gas which it

* All volumes of natural gas in this proxy statement are stated at 14.9 pounds per square inch absolute except as stated and except that in the notes to the annexed balance sheets of Pacific and of Northwest Production wh natural gas are stated at 14.73 pounds per square inch absolute.

ia, and obtains the balance from producing properties which it owns. The Company's principal customers uthern California Gas Company and Southern Counties Gas Company of California (hereinafter called the rn California Companies) and Pacific Gas and Electric Company (hereinafter called PG&E), all of which aged in the distribution of natural gas at retail in the State of California.

he Company's geologists are of the opinion that the amounts of proved recoverable natural gas reserves l by or under contract to the Company at July 1, 1956 are as follows: 5,184.9 billion cubic feet owned under ds developed; 753.9 billion cubic feet owned under leaseholds undeveloped; and 17,572 billion cubic feet domestic contracts. The amount of leasehold reserves subject to unusual overriding royalty payments totals billion cubic feet of natural gas and the average overriding royalty to which this excess royalty gas is was 6.017 cents per Mcf for the twelve months ended July 31, 1956. The Company's geologists estimate July 1, 1956 the net amount of natural gas liquids and the crude oil reserves owned under lease by the ny are 25,400,000 barrels and 3,600,000 barrels, respectively. The reserves of natural gas liquids under lease 17,100,000 barrels which are subject to overriding royalty payments obligating the Company to pay over holders thereof approximately one-third of the gross liquids produced. During each of the twelve months June 30, 1956, the production properties owned by the Company produced natural gas, natural gas liquids ude oil as follows:

	Natural Gas (Billion Cu. Ft. at 14.73 psia)	Natural Gas Liquids (barrels)	Crude Oil (barrels)
July, 1955	5.667	64,780	270
August, 1955	6.458	96,809	92
September, 1955	6.028	74,941	2,249
October, 1955	6.409	89,585	3,202
November, 1955	6.788	89,557	2,960
December, 1955	7.128	103,296	2,687
January, 1956	6.277	94,853	4,105
February, 1956	6.804	103,785	7,189
March, 1956	6.752	104,334	8,122
April, 1956	6.157	86,800	9,024
May, 1956	7.097	71,220	20,084
June, 1956	7.247	96,148	22,640
Totals	78.812	1,076,108	82,624

he Company has contracts with its California customers for the sale and delivery, in addition to the amounts ing delivered, of up to 350,000 Mcf of gas per day, 175,000 Mcf to the Southern California Companies and olume to PG&E. The Company has also contracted for the delivery of an additional 30,000 Mcf of gas per Nevada Natural Gas Pipe Line Company. To provide for the transportation and delivery of such additional es of gas, and an additional 70,000 Mcf of gas per day to supply increasing demands of the Company's ers in Arizona, New Mexico and west Texas, the Company has obtained the requisite authorizations from the l Power Commission and is presently engaged in the construction of additional pipelines, plants and other es designed to increase the delivery capacity of its pipeline system by 450,000 Mcf of gas per day. It is ted that the cost of such additional facilities will be approximately $196,000,000, the financing of which has mpleted.

ince the initiation of the 450,000 Mcf expansion program, the Company has entered into preliminary agree- or letters of intent with its California customers for the sale and delivery of up to 300,000 Mcf of gas per addition to the 350,000 Mcf above mentioned, 150,000 Mcf to be delivered to the Southern California nies and a like volume to PG&E. The obligations of the Company and its California customers under such inary agreements are subject to the obtaining of the requisite governmental authorizations, and the Company ently filed with the Federal Power Commission an application for a Certificate of Public Convenience and ity to authorize the acquisition or construction and operation of facilities necessary for the transportation and y of the first 150,000 Mcf of gas covered by such preliminary agreements. The California customers have r propose to file applications with the Public Utilities Commission of California for the necessary authoriza- purchase such additional gas. The facilities required for the delivery of the first 150,000 Mcf are estimated

to cost approximately $84,500,000. The Company has entered into commitments with institutional purcha the sale of an additional $55,000,000 principal amount of its First Mortgage Pipe Line Bonds for such purp will provide the balance of the required funds from temporary bank loans and internal sources. Such loan would be repaid out of the proceeds of future permanent financing the nature of which cannot now be dete At the present it is not practical to state what character of financing will be undertaken in order to provid for meeting the cost, tentatively estimated to be approximately $75,000,000, of the second 150,000 Mcf per the 300,000 Mcf expansion program.

In addition, the Company has entered into agreement with Southern California Edison Company sale and delivery for boiler fuel commencing with 50,000 Mcf of gas per day in 1957 and increasing up to Mcf of gas per day in 1959, with increases thereafter, subject to the conditions specified in the agreement, to Mcf per day. In order to carry out this agreement the Company will have to obtain the necessary gov authorizations and arrange the necessary financing, the nature of which has not yet been determined.

The Company is also engaged in the business of exploring for and producing oil and gas. During the pa years the Company has intensified its activities and has expended substantial sums in exploring for gas and a gas reserves in place, in order to supplement the natural gas supplies available to it under purchase contra from reserves already owned. Pursuant to that program, the Company has obtained gas rights (and, i instances, oil rights also) under leases covering large tracts of lands in various States and in British Co Canada. In addition, the Company and others associated with it are engaged in exploration work on of acreage off the Louisiana coast.

At January 1, 1956 the Company had leases or rights on 2,272,137 net acres in 3,171,824 gross acres, exc acreage in Canada and off-shore acreage off the Louisiana coast. A substantial portion of this acreage is lim gas rights. Of this total approximately 500,000 acres were proven for production (largely gas) upon whic located 899.79 net producing gas wells and 4.66 net producing oil wells.

In British Columbia the Company has a net interest of 1,577,703 acres in 2,555,876 gross acres held with others. Exploration work is being done on this acreage which is in the general area from which the We Transmission Company Limited is now building a gas transmission line to connect with the Pacific's pipeline at the Canadian border in the State of Washington. This acreage is held under Crown Permits, issued fro to 1952, which confer the right to do geological and geophysical work and exploratory drilling for petrole natural gas for a period of one year within the Permit area and are renewable under certain circumstances additional four years and with the consent of the British Columbia Government for a further period not t two years.

The Company also has an 18.75% interest in 37,018 acres of off-shore leases off the Louisiana coast holds jointly with other companies. Extensive geophysical work has been done on the acreage, and drilling tions are now in progress. The first three wells drilled by the group are located on a 2,018 acre tract located Timbalier field salt dome and resulted in one gas-condensate well and two dry holes. The fourth well dr located on Federal Land Block 175, Eugene Island, 40 miles offshore from Louisiana. On June 26, 1956 Oil and Gas Company, as operator for the group, announced completion of this well and stated it appears to important wildcat oil discovery. In addition drilling by others has resulted in production on two other str in which the Company owns adjoining leases.

THE BUSINESS AND PROPERTIES OF PACIFIC

The following information about the business and properties of Pacific was furnished to the Comp use in this Proxy Statement by the management of Pacific:

Pacific was incorporated under the laws of Delaware on June 2, 1949. Pursuant to certificates of convenience and necessity granted it by the Federal Power Commission it has constructed and is in the p of placing in operation a pipeline system for the transportation of natural gas extending from New Mexico it has substantial natural gas reserves and production facilities, through the states of Colorado, Utah, Wy Idaho, Oregon and Washington to a terminus at the Canadian Border in western Washington.

The main line facilities which Pacific is constructing pursuant to authorizations from the Federa Commission consist of 671 miles of 22-inch pipeline and 811 miles of 26-inch pipeline, aggregating 1,48

is also completing the construction of approximately 891 miles of sales and supply laterals and field ng systems with necessary dehydration and compression facilities in the San Juan Basin of New Mexico olorado, the Bar-X Field in Utah and Colorado, the Tip Top Field in Wyoming and the Piceance Creek in Colorado. Gas from the San Juan Basin is to be processed in a Pacific plant recently completed near , Colorado where propane, butane and natural gasoline will be extracted.

November, 1955, the Federal Power Commission authorized Pacific to import a maximum of approximately 0 Mcf per day of Canadian gas to be purchased at the Canadian Border from Westcoast Transmission Com- Limited (herein called "Westcoast") commencing in the fall of 1957.

e delivery capacity of Pacific's pipeline system as certificated, when powered by 13 compressor stations and ield booster stations, will be approximately 639,000 Mcf per day. All of the presently certificated facilities, three sales laterals and one compressor station, are presently completed, and such completed facilities are referred to as the "Initial Pipeline System". Until the additional sales laterals and compressor station to be cted in 1957 have been completed and until the Canadian gas becomes available, the estimated delivery y of Pacific's pipeline system will be approximately 339,000 Mcf per day.

e estimated cost of the Initial Pipeline System, including the cost of the acquisition of oil and gas leases ipment in the San Juan Basin and drilling and completing the wells proposed to be drilled prior to the ncement of operation of the pipeline, is approximately $212,000,000 based on present material, freight and osts including a provision for contingencies. The principal items of cost of the Initial Pipeline System mated as follows:

Gas transmission pipelines, compressor stations and related facilities	$149,000,000
Gas gathering systems	9,000,000
Products extraction plant	4,400,000
Acquisition cost of San Juan Basin production properties	8,600,000
Cost of additional wells drilled and to be drilled in the San Juan Basin by the Company prior to commencement of operations	18,500,000
Undistributed items, including interest during construction, other overhead and franchise costs	22,500,000
Total	$212,000,000

cific owns oil and gas leases covering approximately 304,000 acres in the San Juan Basin. The lands by the leases are predominantly Federal, State or Indian lands, and a substantial part of the lands covered s are subject to unitization agreements. As of November 1, 1956, Pacific owned 246.2 net producing gas In order to develop the properties owned by Pacific in accordance with its plans, it will be necessary for to drill approximately 14.5 net wells between November 1, 1956 and January 1, 1957 and approximately wells thereafter during the first two years of operations of the pipeline system and additional wells from time thereafter.

of November 1, 1956 Pacific had executed long-term gas purchase contracts with 30 producers covering rves in the San Juan Basin of New Mexico and Colorado, the Piceance Creek Field in western Colorado, -X Field in western Colorado and eastern Utah, the Rangely Field in western Colorado, the Big Piney, p and Hogsback Fields in southwestern Wyoming. Each of these contracts calls for the producer to the reserves and deliver the gas to Pacific at the wellhead or at some other agreed delivery point.

cific has an agreement with El Paso Natural Gas Company (referred to in this part of the proxy statement aso") which provides for delivery of natural gas by El Paso to Pacific at four points of interconnection of gas systems in the San Juan Basin. During the five year period commencing on December 1, 1956, El Paso ver to Pacific an aggregate maximum volume of 147 billion cubic feet of natural gas. Pacific will redeliver regate volume at a rate of 50,400 Mcf per day commencing with the seventh year of Pacific's operation. the fourteenth year there is no obligation to redeliver except from Pacific's deliverable gas surplus in excess arket requirements of 446,000 Mcf per day. The daily redelivery rate commencing in the fourteenth year 0 Mcf per day. Pacific's redelivery obligation can be satisfied by the delivery of gas from the San Juan from fields along its system and by the delivery of gas imported from Canada under Pacific's agreement estcoast which is described below.

cific has an agreement to purchase Canadian produced natural gas at the international boundary near Washington from Westcoast at the rate of 200,000 Mcf per day commencing on November 1, 1957 (if

the facilities of both are ready), at the rate of 250,000 Mcf per day after January 1, 1958 and at the r 300,000 Mcf per day after January 1, 1959. The agreement provides that the price is to be 22¼¢ per M January 1, 1959 and 22¢ per Mcf thereafter for the remainder of the twenty-year term. Pacific also right under the agreement to purchase under the same terms and conditions the next 100,000 Mcf per da Westcoast has available. El Paso has agreed to purchase 50,000 Mcf per day of the gas to be delivered t by Westcoast and has the right to purchase one half of the additional 100,000 Mcf which Westcoast ma available to delivery to Pacific.

In the opinion of Messrs. Brokaw, Dixon & McKee, independent petroleum engineers, the amounts o recoverable natural gas reserves owned by or under domestic contract to Pacific at August 1, 1956 are as f *San Juan Basin*, 1,037 billion cubic feet (developed) and 2,812 billion cubic feet (undeveloped); *other d sources* (all under contract), 301 billion cubic feet (developed) and 746 billion cubic feet (undeveloped). M Reese, Geologist for Pacific, believes that the proved recoverable gas reserves owned by and under contract t in the San Juan Basin are at least double those indicated by Messrs. Brokaw, Dixon & McKee. Mr. Reese that recently devised well completion techniques and data received from core analyses laboratories justify th sion of gas known to be present in the Menefee section of the Mesa Verde formation and in sands w permeability within the classification of recoverable reserves. On the same basis Mr. Reese also considers g recoverable from substantially thicker sand sections with higher total porosities in the Mesa Verde forma addition to the foregoing, as stated above Pacific has at least 2,200 billion cubic feet of natural gas under c contract. The average amount of overriding royalty payable in respect of gas produced from the San Juan le owned by Pacific (estimated by Pacific to be 80% of its San Juan reserves) is 7.18¢ per Mcf. In the o Mr. Reese, natural gas liquids will be produced from Pacific's San Juan reserves at a rate of appro 12 barrels for each million cubic feet of natural gas. Pacific has no substantial proved crude oil reserves. A Pacific's pipe line system is not yet in commercial operation, the production properties owned by Pacific p natural gas and natural gas liquids as follows during each of the twelve months ended October 31, 1956.

	Natural Gas (Billion Cu. Ft. at 15.025 psia)	Natural Gas Liquids (barrels)
November, 1955	0.404	2,130.97
December, 1955	0.517	2,838.09
January, 1956	0.621	3,338.15
February, 1956	0.580	2,312.39
March, 1956	0.561	3,444.87
April, 1956	0.664	3,427.86
May, 1956	0.611	3,582.97
June, 1956	0.564	4,626.91
July, 1956	0.522	3,538.69
August, 1956	0.525	4,647.47
September, 1956	0.624	4,041.27
October, 1956	1.185	3,982.59
Totals	7.378	41,912.23

Pacific has been granted certificates of public convenience and necessity by the Federal Power Co to sell natural gas for resale in Washington, Oregon and southern Idaho, which comprise the only major area of the United States in which natural gas is not now available. Pacific has also been authorized t gas to cities and towns along its route and to sell natural gas to Colorado Interstate Gas Company for r Wyoming and Colorado.

As of November 1, 1956 Pacific had executed 88 twenty-year gas sales contracts and 24 short-term p contracts with distribution companies, industrial consumers and other interstate pipe lines. The aggrega mum requirements for firm and interruptible loads are estimated to amount to 517,000 Mcf per day d first year of operations; 684,200 Mcf per day during the second year of operations and 806,200 Mcf per da the third year of operations. The above estimates include the volumes which Pacific is presently certificat to Colorado Interstate Gas Company, Mountain Fuel Supply Company and El Paso aggregating 274, maximum per day and also include the contracts for sales of natural gas to a number of large volume consumers. By curtailing interruptible volumes if necessary, Pacific can meet its firm requirements on a m day in any of the first three years of operations.

e rates called for by the contracts of sale to industrial consumers are not subject to the jurisdiction of the l Power Commission. Pacific's rates to utility customers for resale are subject to regulation by the Federal Commission and are contained in Pacific's service agreements which form a part of its Gas Tariff on file e Federal Power Commission.

ring the month of August, 1956 Pacific delivered minor quantities of gas to some of its customers in Utah, Oregon and Washington for their use in testing, purging and loading their systems. In September, 1956 commenced making deliveries to a limited extent to utility customers for resale and to industrial customers. tember 17, 1956, Pacific notified the Federal Power Commission of such sales. In the notice to the Com- Pacific stated that it considers its present sales to be sales during construction and that it does not consider t of its pipeline system to be in operation.

cific is currently delivering approximately 138,000 Mcf of gas per day and is currently billing Colorado ate Gas Company ("Colorado Interstate") for 99,000 Mcf per day although that Company is not presently delivery of this gas. The volumes thus paid for but not taken are to be delivered to Colorado Interstate in ure without additional cost.

cific proposes to expand the Initial Pipeline System to its certificated capacity of 639,000 Mcf of natural day during 1957. To do so it will be necessary for Pacific to construct an additional compressor station 8,800 horsepower, to drill a total of approximately 102 wells in the San Juan Basin, to install additional ng facilities and to construct additional sales laterals. The estimated cost of such additional facilities imately $28,000,000. Pacific will also be required to drill additional wells and install gathering facilities ar thereafter to maintain the deliverable volumes of gas required to supply its markets.

cific has executed an agreement with Mountain Fuel Supply Company ("Mountain Fuel") providing for to Mountain Fuel of an average of 49,500 Mcf per day at a maximum daily delivery rate of 58,000 Mcf nt in southwestern Wyoming near the point of delivery to Colorado Interstate. Temporary authorization to is sale has been granted by the Federal Power Commission, and deliveries are currently being made under ement.

cific has executed an agreement with Colorado Interstate providing that the volumes of gas to be sold and d to Colorado Interstate under the present service agreement, will be increased by 99,000 Mcf per day, ed on an annual basis, at a maximum daily delivery rate of 116,000 Mcf, upon the receipt of proper zation from the Federal Power Commission. Pacific has filed an application with the Federal Power sion for authorization to construct the necessary facilities and to make the increased sale to Colorado te. Colorado Interstate has filed an application with the Federal Power Commission for a certificate of convenience and necessity authorizing the construction and operation of facilities which will be utilized to an average of approximately 454,750 Mcf of gas per day to Natural Gas Pipeline Company of America ral Gas Pipeline") at a point on Natural Gas Pipeline's existing transmission system near Beatrice, Nebraska. ditional quantities of natural gas which Pacific proposes to sell to Colorado Interstate will be delivered at a Pacific's pipeline system near Rock Springs, Wyoming, and will be utilized by Colorado Interstate as a part plan to deliver additional volumes of gas to Natural Gas Pipeline. Natural Gas Pipeline has filed an ion with the Commission for authorization to expand its existing facilities so as to provide additional gas to various municipal and private distribution systems in the States of Nebraska and Illinois.

cific proposes to obtain a substantial portion of its gas supply for the additional sale to Colorado Interstate lorthwest Production Corporation ("Northwest Production"), a subsidiary of Pacific. By a contract dated , 1956, Pacific agreed to purchase from Northwest Production, at a point on its San Juan Basin gathering to be agreed upon by the parties, an average daily quantity of 99,000 Mcf at a maximum daily rate of 119,000 The volumes to be purchased by Pacific under this contract are subject to reduction to an average daily of 49,500 Mcf if Pacific has not received from the Federal Power Commission on or before July 1, 1957, ssary authorization to make the increased sale to Colorado Interstate.

cific holds 6,664,000 shares of the common stock, constituting approximately 69% of the total common ued and outstanding as of September 18, 1956, of Northwest Production which was incorporated under the Delaware on May 27, 1955 for the purpose of engaging in the exploration for and the production of oil and ace its organization, the operations of Northwest Production have been limited principally to the acquisition ral gas leases in the San Juan Basin in New Mexico and Colorado. As of November 1, 1956, Northwest

Production owned leases and options to lease covering approximately 118,000 acres in the San Juan Basin. As of November 1, 1956 on Northwest Production's leases or in Units in which it has an interest, there had been completed as commercial producers 14 Mesa Verde wells and 11 Picture Cliff wells in which Northwest Production's aggregate net interest amounted to 8.5 and 10.25 wells respectively.

Pacific owns 49% of the common stock of Phillips Pacific Chemical Company, a Delaware corporation; the remaining 51% of the outstanding common stock of that company is owned by Phillips Petroleum Company. Phillips Pacific Chemical Company is presently engaged in the construction of a plant in the Pasco-Kennewick area of Washington for the purpose of engaging principally in the manufacture of chemicals through the utilization of natural gas. Pacific has a contract with Phillips Pacific Chemical Company for the sale to it of natural gas.

Westcoast Investment Corporation was incorporated under the laws of Delaware on February 7, 1955 as a wholly-owned subsidiary of Pacific for the purpose of acquiring and holding stock of other corporations. At present Westcoast Investment Corporation owns 1,127,750 shares of the Common Stock of Westcoast Transmission Company Limited, a Canadian corporation.

Pacific Northwest Realty Corporation was incorporated under the laws of Delaware on March 16, 1956 as a wholly-owned subsidiary of Pacific for the purpose of constructing and owning an office building for Pacific. On September 27, 1956, Pacific Northwest Realty Corporation acquired for a consideration of $434,000 property in the downtown area of Salt Lake City, Utah, as a proposed site for this office building.

EXPECTED EFFECT OF THE SUCCESSFUL CONSUMMATION OF THE EXCHANGE OFFER

Changes in the Board of Directors of the Company.

If the exchange offer is consummated, it is expected that by action of the Board of Directors of the Company the number of directors of the Company will be increased from 11 to 17 members, and that Messrs. Fish, Gibbs, Payne, Schneider and Silloway who are now directors of Pacific, will be elected directors of the Company. In addition, it is expected that at the same time Mr. La Force, who joined the Company in April, 1956 as Financial Vice President and for more than five years prior thereto was Second Vice President of Metropolitan Life Insurance Company, will be elected a director of the Company.

Mr. Fish has been Chairman of the Board of Pacific and President and a director of The Fish Engineering Corporation for more than five years. He is also Chairman of the Board of Northwest Production. Mr. Gibbs has been a director of Pacific and for a short period also was a Vice President, and has been for more than five years an independent oil and gas producer with offices in Houston, Texas. Mr. Payne, who has been associated with Pacific in various executive capacities since June, 1949, is, and has been for the past five years, engaged in the practice of law as a partner in the firm of Andrews, Kurth, Campbell and Bradley, Houston, Texas, counsel for Pacific. Mr. Schneider, a director of Pacific, has been associated with Newmont Mining Company, and for more than the past five years has been, a director of that company. Mr. Silloway was elected a Vice President of Pacific on June 15, 1956 and President of Pacific on August 6, 1956, which position he now holds. Prior to that time he was a Vice President of The Mutual Life Insurance Company of New York for more than five years.

Operation of Pacific After the Exchange Offer.

If the exchange offer is successfully consummated, it is expected that Pacific will continue to be operated as a separate corporation, and the management of the Company has no present intent of merging Pacific into the Company or having the Company acquire Pacific's assets.

Integration and Coordination of Operations of the Pipeline Systems of the Company and of Pacific.

There is included hereafter a map showing in black the location of the pipelines presently owned by the Company or its subsidiaries, and showing in red the pipelines presently owned by Pacific and its subsidiaries. If the exchange offer is consummated, the operation of these two pipeline systems, which do not duplicate but rather complement each other, can be coordinated in such a manner as to maximize the effective and economic utilization of the natural gas resources of both companies in the United States. Your management is convinced that the most economic and efficient use of Canadian gas from the British Columbia-Alberta fields, as it becomes available,

likely unless its use is fully coordinated with gas from the San Juan Basin and elsewhere along the lines of pelines of the Company and Pacific. Coordination of operations also should enable the Company to integrate perate more effectively certain oil producing, refining and marketing facilities now owned by the Company, acific, or by their respective subsidiaries. Common control and operation of the pipeline systems of the pany and Pacific is, in the opinion of your management, the best way of assuring the coordination of their tion. It should bring about the most effective and economic supply structure for servicing the needs of the al gas consumers in the California and Southwest markets presently served by your Company and in the west market proposed to be served by Pacific, and it should redound to the benefit of, and be in the interest e stockholders of the two companies, their various customers, and the members of the public who purchase se the gas which will be transmitted through the coordinated pipeline systems.

FINANCIAL STATEMENTS

There are annexed hereto as part of this Proxy Statement the following financial statements:

For El Paso Natural Gas Company and subsidiary companies consolidated:

Balance Sheets as at December 31, 1955 (audited) and as at August 31, 1956 (unaudited).

Income Statements for the years ended December 31, 1953, 1954 and 1955 (audited) and for the eight months ended August 31, 1956 (unaudited).

Surplus Statement for the years ended December 31, 1953, 1954 and 1955 (audited) and for the eight months ended August 31, 1956 (unaudited).

Notes to Consolidated Financial Statements.

For Pacific Northwest Pipeline Corporation and subsidiary company consolidated:

Balance Sheet as at August 31, 1956 (audited).

Notes to Balance Sheet.

For Northwest Production Corporation (an unconsolidated subsidiary of Pacific):

Balance Sheet as at September 30, 1956 (audited).

Notes to Balance Sheet.

Additional financial statements of the Company, Pacific and Northwest Production Corporation are on file e offices of the Securities and Exchange Commission in Washington, D. C. and, in the case of the Company, e offices of the New York and San Francisco Stock Exchanges.

GENERAL

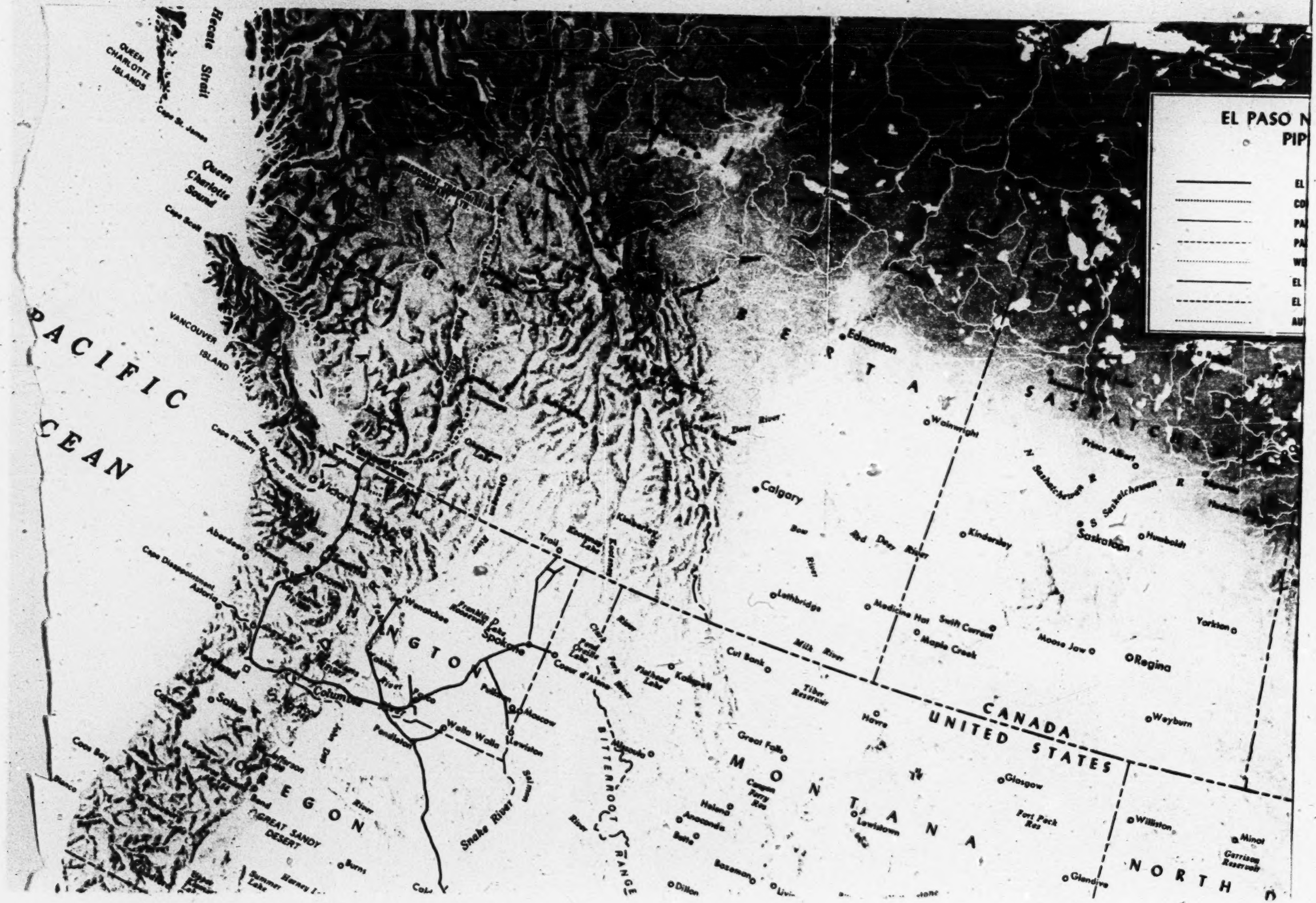
It is expected that proxies for the Special Meeting will be solicited by mail, and that officers and regular loyees of the Company may communicate by telephone, telegraph or personal interview with certain stock- ers of the Company for the purpose of obtaining their proxies. Also the Company has retained the organization Dudley F. King, 70 Pine Street, New York, N. Y., at a cost not to exceed $8,000, to aid in the solicitation roxies primarily in respect of Common Stock registered in the names of banks, brokers and other nominees. It pected that approximately 40 of Mr. King's assistants or employees will be engaged in this activity, and may use onal interviews, mail, telephone or telegraph in connection therewith. The cost of soliciting proxies, including bursement to brokers and other nominees for their expenses in forwarding proxy material to beneficial owners furnishing proxies, will be borne by the Company.

Your management is not aware of any other matters which may come before the Special Meeting. However, ny other matters properly come before such meeting, it is the intention of the proxies named in the accom- ying form of proxy to vote the proxy in accordance with their judgment on such matters.

It is important that proxies be returned promptly. Therefore, stockholders who do not expect to attend the cial Meeting in person are urged to fill in, date, sign and return the accompanying proxy in the enclosed elope to which no postage need be affixed if mailed in the United States.

By order of the Board of Directors,

VIRGIL RITTMANN,
Secretary.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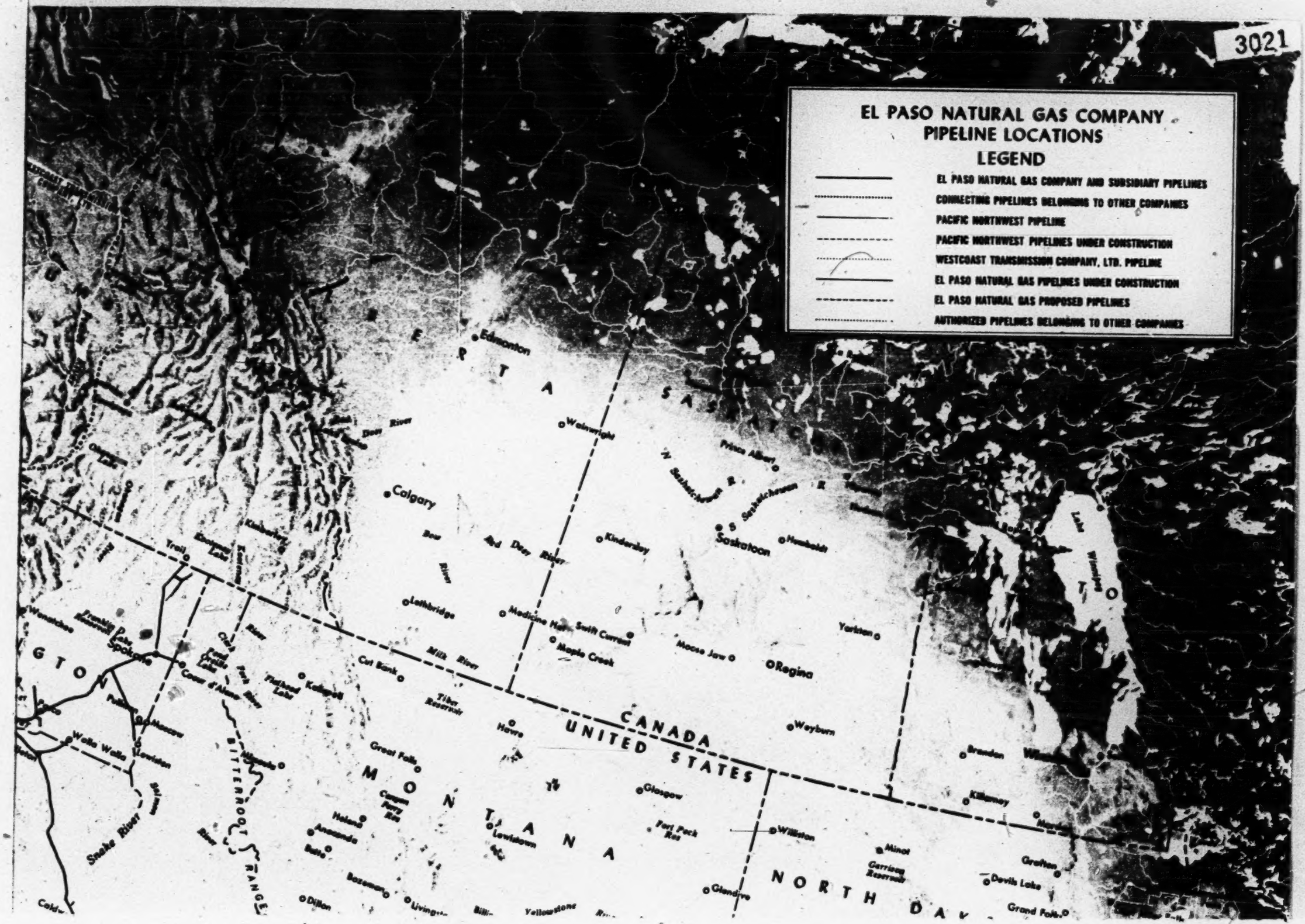
Cape Scott
VANCOUVER ISLAND
PACIFIC OCEAN
Cape Flattery
Juan De Fuca Strait
Victoria
Aberdeen
Olympia
Cape Disappointment
Astoria
Wenatchee
Spokane
Coeur d'Alene
Columbia R.
Salem
Eugene
Portland
Walla Walla
Lewiston
Moscow
Pullman
Coos Bay
Roseburg
GREAT SANDY DESERT
Burns
Summer Lake
Harney L.
Snake River
Trail
Kimberley
Kootenay R.
Kootenay Lake
Flathead Lake
Kalispell
Missoula
Bitterroot Range
Dillon
Bozeman
Butte
Anaconda
Helena
Great Falls
Cut Bank
Havre
Tiber Reservoir
Milk River
Fort Peck Res.
Lewistown
Glasgow
Wolf Point
Williston
Minot
Garrison Reservoir
Glendive
Edmonton
Wainwright
Calgary
Red Deer River
Lethbridge
Medicine Hat
Swift Current
Maple Creek
Kindersley
Saskatoon
Humboldt
Yorkton
Moose Jaw
Regina
Weyburn
Prince Albert
Saskatchewan R.
CANADA
UNITED STATES
MONTANA
NORTH

3021

EL PASO NATURAL GAS COMPANY
PIPELINE LOCATIONS

LEGEND

- EL PASO NATURAL GAS COMPANY AND SUBSIDIARY PIPELINES
- CONNECTING PIPELINES BELONGING TO OTHER COMPANIES
- PACIFIC NORTHWEST PIPELINE
- PACIFIC NORTHWEST PIPELINES UNDER CONSTRUCTION
- WESTCOAST TRANSMISSION COMPANY, LTD. PIPELINE
- EL PASO NATURAL GAS PIPELINES UNDER CONSTRUCTION
- EL PASO NATURAL GAS PROPOSED PIPELINES
- AUTHORIZED PIPELINES BELONGING TO OTHER COMPANIES



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CERTIFICATE OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors of
El Paso Natural Gas Company:

We have examined the consolidated balance sheet of El Paso Natural Gas Company and subsidiary companies as of December 31, 1955, and the related income and surplus statements for the three years then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Subject to final determination of gas sales rates effective April 15, 1955 referred to in Note 9 to financial statements, in our opinion the accompanying consolidated balance sheet and income and surplus statements present fairly the financial position of El Paso Natural Gas Company and subsidiary companies at December 31, 1955, and the results of their operations for the three years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

MAIN AND COMPANY

New York, New York,
November 1, 1956.

EL PASO NATURAL GAS COMPANY AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET

At the Dates Indicated

ASSETS

	December 31, 1955	August 31, 1956 (Unaudited)
...ties, Plant and Equipment (Note 3)		
Gas production, transmission, etc., including construction work in progress of $11,272,758 and $66,135,265	$659,280,215	$733,442,394
Oil production	869,816	3,521,716
Oil refining and marketing, including construction work in progress of $27,168 and $1,738,896	2,464,828	6,218,729
Excess of cost of investment in consolidated subsidiary over book value at date of acquisition	580,108	580,108
	$663,185,967	$743,762,947
Less: Reserves for depreciation, amortization and depletion	100,889,903	117,640,976
	$562,296,064	$626,121,971
...ments, at cost		
Subsidiaries not consolidated	$ 614,776	$ 2,154,653
Other investments (Note 4)	15,440,735	15,117,712
Excess of cost of investment in consolidated subsidiary over book value at dates of acquisitions	252,190	623,544
	$ 16,307,701	$ 17,895,909
...t Assets		
Cash	$ 5,145,278	$ 14,080,285
Special construction fund on deposit with trustee	16,379,280	38,321,900
Special deposits	1,369,727	993,284
Notes receivable		
Subsidiaries not consolidated	362,453	—
Other	104,030	48,605
Accounts receivable		
Customers	19,366,252	19,041,573
Subsidiaries not consolidated	81,827	129,594
Other	2,114,021	1,797,593
Inventories		
Materials and supplies for operation and construction, at average cost	10,461,953	13,452,711
Crude oil, at average cost; oil and gas products, and merchandise, substantially at estimated cost, which is lower than market	817,884	1,726,412
Gas in underground storage, at average cost	385,274	529,065
Prepayments and other	1,566,797	1,673,209
	$ 58,154,776	$ 91,793,721
...red Debits		
Unamortized debt expense	$ 982,004	$ 1,105,800
Other	2,102,291	4,528,953
	$ 3,084,295	$ 5,634,753
...ized Securities, at par (Note 5)	$ 313,736	$ 8,671
	$640,156,572	$741,455,025

The accompanying notes to financial statements should be read in conjunction with this balance sheet

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EL PASO NATURAL GAS COMPANY AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET

At the Dates Indicated

LIABILITIES

	December 31, 1955	August 31, 1956 (Unaudited)
Capital Stock and Surplus		
Cumulative First Preferred Stock (Note 6)	$ 49,150,000	$ 73,725,000
Convertible Second Preferred Stock (Note 6)	27,304,000	17,677,000
Common Stock, par value $3 per share Authorized, 6,500,000 shares; outstanding, 4,970,172 shares (including 2,312 treasury shares) and 5,242,493 shares (including 2,457 treasury shares)	14,910,516	15,727,479
Premium on capital stock (See Consolidated Surplus Statement)	82,424,716	91,867,[illegible]
Capital surplus (See Consolidated Surplus Statement)	187,886	204,[illegible]
Earned surplus (See Consolidated Surplus Statement) (Note 7)	29,233,638	35,802,[illegible]
Total Capital Stock and Surplus	$203,210,756	$235,330,[illegible]
Minority Interest in Consolidated Subsidiary	$ 601,697	$ —
Long-Term Debt (Note 8)		
First mortgage pipe line bonds	$331,478,000	$383,000,000
Sinking fund debentures	41,200,000	38,800,000
Note payable to bank, due 1960	10,000,000	—
Miscellaneous long-term debt	5,930,942	5,630,[illegible]
Total Long-Term Debt	$388,608,942	$428,430,[illegible]
Less: Long-term debt due within one year	23,470,502	24,749,[illegible]
Balance of Long-Term Debt	$365,138,440	$403,680,[illegible]
Total Capitalization	$568,950,893	$639,885,[illegible]
Current Liabilities		
Long-term debt due within one year	$ 23,470,502	$ 24,749,[illegible]
Notes payable to banks	8,300,000	33,500,000
Accounts payable	12,934,813	14,720,[illegible]
Accrued payroll	519,242	598,[illegible]
Dividends declared	—	2,630,[illegible]
Accrued federal income tax	6,245,300	4,186,[illegible]
Accrued taxes, other than federal income tax	2,286,472	3,796,[illegible]
Accrued interest	2,893,886	4,341,[illegible]
Provision for rate refunds, less tax (Note 9)	2,991,926	2,510,[illegible]
	$ 99,642,061	$ 91,035,[illegible]
Deferred Credits		
Unamortized premium on debt	$ 114,897	$ 102,[illegible]
Customers' advances for construction (Note 10)	8,926,150	7,667,[illegible]
	$ 9,041,047	$ 7,770,[illegible]
Reserve for Deferred Federal Income Tax (Note 11)	$ 1,955,000	$ 3,130,[illegible]
Contributions in Aid of Construction	$ 567,571	$ 574,[illegible]
Commitments and Contingent Liabilities (Note 15)		
	$640,156,572	$741,455,[illegible]

The accompanying notes to financial statements should be read in conjunction with this balance sheet.

EL PASO NATURAL GAS COMPANY AND SUBSIDIARY COMPANIES

CONSOLIDATED INCOME STATEMENT FOR THE PERIODS INDICATED

	Years Ended December 31,			Eight Months Ended August 31, 1956 (Unaudited)
	1953	1954	1955	
ating Revenues				
Gas sales (Notes 1 and 9)	$102,420,287	$132,894,573	$161,815,357	$122,275,490
Extracted products sales	4,694,836	8,326,907	12,747,242	9,348,100
Refined products sales	—	—	1,447,628	9,793,248
Other	810,594	2,620,965	3,440,865	2,672,643
	$107,925,717	$143,842,445	$179,451,092	$144,089,481
ting Revenue Deductions				
Gas purchased	$ 44,323,050	$ 57,420,867	$ 64,399,973	$ 46,964,951
Petroleum products purchased	—	—	1,075,225	6,462,667
Operation	15,896,485	24,497,830	29,994,323	23,681,178
Maintenance (Note 12)	4,357,081	5,485,935	7,072,448	4,424,819
Exploration and development	2,010,680	3,163,215	4,860,233	4,177,349
Depreciation, amortization and depletion (Notes 12 and 13)	14,188,864	21,135,514	23,885,842	16,682,915
Taxes, other than federal income tax (Note 12)	4,846,901	4,987,612	5,826,601	4,383,094
	$ 85,623,061	$116,690,973	$137,114,645	$106,776,973
Net Operating Revenues Before Federal Income Tax	$ 22,302,656	$ 27,151,472	$ 42,336,447	$ 37,312,508
r Income—Net (principally interest and dividend income on investments)	584,875	757,679	462,245	341,747
Gross Income Before Federal Income Tax	$ 22,887,531	$ 27,909,151	$ 42,798,692	$ 37,654,255
ne Deductions				
Interest on long-term debt	$ 9,294,564	$ 13,428,108	$ 13,759,192	$ 10,354,580
Other interest (Note 1)	1,144,770	1,399,670	969,561	993,400
Amortization of debt expense and premium (net)	40,102	60,819	62,884	48,354
Interest charged to construction—(credit)	(4,125,085)	(2,269,772)	(473,861)	(1,191,303)
Miscellaneous income deductions	77,047	142,434	157,041	49,077
Minority interest in net income of Utah Natural Gas Company	45,160	35,872	45,813	—
	$ 6,476,558	$ 12,797,131	$ 14,520,630	$ 10,254,108
Net Income Before Federal Income Tax	$ 16,410,973	$ 15,112,020	$ 28,278,062	$ 27,400,147
ral Income Tax (Notes 1 and 11)				
Current	$ (350,892)	$ 2,357,893	$ 6,637,559	$ 7,835,332
Deferred	—	609,000	1,346,000	1,195,000
	$ (350,892)	$ 2,966,893	$ 7,983,559	$ 9,030,332
Net Income Before Provision for Refund	$ 16,761,865	$ 12,145,127	$ 20,294,503	$ 18,369,815
sion for Rate Refund, Less Tax (Note 9)	—	—	1,229,730	1,283,969
Net Income (Note 14)	$ 16,761,865	$ 12,145,127	$ 19,064,773	$ 17,085,846

The accompanying notes to financial statements should be read in conjunction with this income statement.

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EL PASO NATURAL GAS COMPANY AND SUBSIDIARY COMPANIES

CONSOLIDATED SURPLUS STATEMENT FOR THE PERIODS INDICATED

	Years Ended December 31,			Eight Months Ended August 31, 1956 (Unaudited)
	1953	1954	1955	
EARNED SURPLUS				
Balance at Beginning of Period (Note 1)	$19,361,451	$24,935,263	$23,833,362	$29,233,638
Add:				
Net income	16,761,865	12,145,127	19,064,773	17,088,900
Adjustment of write-off required by Federal Power Commission in connection with gas plant acquired during 1951	—	—	14,622	—
Total	$36,123,316	$37,080,390	$42,912,757	$46,322,538
Deduct:				
Dividends paid on Preferred Stock — cash:				
Cumulative Preferred Stocks, at rates ranging from 4.10% to 5.65%	$ 1,871,429	$ 2,606,368	$ 2,587,329	$ 2,052,300
Convertible Second Preferred Stocks, at rates ranging from 4.25% to 4.40%	706,187	545,519	1,212,226	760,332
Dividends paid on Common Stock:				
Cash dividends at annual rate of $1.60 per share during 1953 and $2.00 per share during 1954, 1955 and the eight months ended August 31, 1956	6,727,838	9,338,009	9,791,395	7,651,200
Special dividend consisting of 88,026 shares of common stock of Western Natural Gas Company (book cost, $107,885), together with equalizing cash payments totaling $157,886 in lieu of fractional shares. The market value of the common stock of Western Natural Gas Company on the date of distribution was $15.62½ per share	265,771	—	—	—
Expenses applicable to issuance of additional stock	1,565,895	710,973	26,904	88,300
Redemption premium and unamortized debt expense (net) on long-term debt retired before maturity	50,933	46,159	61,265	34,900
Other adjustments	—	—	—	4,600
Total Deductions	$11,188,053	$13,247,028	$13,679,119	$11,113,300
Balance at End of Period (Note 7)	$24,935,263	$23,833,362	$29,233,638	$35,209,238

The accompanying notes to financial statements should be read in conjunction with this surplus statement.

EL PASO NATURAL GAS COMPANY AND SUBSIDIARY COMPANIES

CONSOLIDATED SURPLUS STATEMENT FOR THE PERIODS INDICATED (Continued)

	Years Ended December 31,			Eight Months Ended August 31,
	1953	1954	1955	1956 (Unaudited)
CAPITAL SURPLUS				
Balance at Beginning of Period	$ 233,321	$ 248,753	$ 173,463	$ 187,886
Add:				
Transfer, from premium on capital stock, of issue premium applicable to Cumulative Preferred Stock retired and Second Preferred Stock redeemed	—	27,772	27,000	27,000
Excess of par value over cost of Cumulative Preferred Stock reacquired	33,561	187	—	—
Total	$ 266,882	$ 276,712	$ 200,463	$ 214,886
Deduct:				
Excess of cost over par value of Common Stock and Cumulative Preferred Stock reacquired	$ 18,129	$ 7,886	$ 10,077	$ 4,219
Premium and miscellaneous expenses in connection with exchange or redemptions of Preferred Stock	—	95,363	2,500	1,270
Total Deductions	$ 18,129	$ 103,249	$ 12,577	$ 5,489
Balance at End of Period	$ 248,753	$ 173,463	$ 187,886	$ 209,397
PREMIUM ON CAPITAL STOCK				
Balance at Beginning of Period	$34,097,467	$67,551,505	$77,850,807	$82,424,716
Add:				
Excess of proceeds received over par value of previously unissued Common Stock sold	28,208,479	—	—	—
Premium from conversion of Second Preferred Stock into Common Stock	2,927,639	10,327,074	2,499,284	8,927,109
Premium from conversion of 3½% Convertible Debentures into Common Stock	2,317,920	—	—	—
Excess of market value over par value of Common Stock issued in exchange for capital stock of McNutt Oil & Refining Co., Inc. (name changed to El Paso Natural Gas Products Company) and for certain oil and gas properties	—	—	2,101,625	1,682,910
Total	$67,551,505	$77,878,579	$82,451,716	$93,034,735
Deduct:				
Issue premium applicable to Cumulative Preferred Stock retired and Second Preferred Stock redeemed	—	27,772	27,000	27,000
Balance at End of Period	$67,551,505	$77,850,807	$82,424,716	$93,007,735

The accompanying notes to financial statements should be read in conjunction with this surplus statement.

EL PASO NATURAL GAS COMPANY AND SUBSIDIARY COMPANIES

NOTES TO FINANCIAL STATEMENTS

Note 1. The financial statements have been restated to give effect to the rate refund made as expla in Note 9, to certain adjustments in amounts of federal income tax as the result of agents' examina of returns, to deferral of federal income tax as explained in Note 11 and to the inclusion of a subsi company acquired October 21, 1955, which was not previously included in the consolidation pro January 1, 1956.

In the opinion of the Company, all adjustments necessary for a fair statement of the financial pos of the Company and its consolidated subsidiaries at August 31, 1956 and their earnings for the eight mo then ended have been made.

Note 2. The principle followed in preparing the consolidated financial statements was to includ accounts of El Paso Natural Gas Company and the companies listed below. El Paso Natural Products Company, acquired October 21, 1955, had not been included in the consolidation prior to Jan 1, 1956.

	Investment in Capital Stock of Subsidiaries as Shown by Parent's Books		Parent's Equity in Net Assets of Such Subsidiaries		Difference	
	December 31, 1955	August 31, 1956	December 31, 1955	August 31, 1956	December 31, 1955	Augus 195
100% owned by El Paso Natural Gas Company						
El Paso Gas Transportation Corporation	$ 22,000	$ 22,000	$ 325,654	$ 314,993	$ 303,654	$ 292
Cia. Occidental de Gas, S.A. de Capital Variable (a Mexican company)	418,067	418,067	672,068	673,711	254,001	255
San Juan Pipe Line Company (inactive)	1,000	1,000	1,000	1,000	—	-
El Paso Natural Gas Building Company	500,000	500,000	880,547	970,256	380,547	470
El Paso Natural Gas Products Company	2,249,975	3,249,980	1,671,067	2,912,903	578,908*	337
West Lake Natural Gasoline Company	—	1,000	—	1,000	—	-
75% owned by El Paso Natural Gas Company (increased to 99.9% during January, 1956)						
Utah Natural Gas Company	1,776,108	2,749,158	1,806,696	2,497,888	30,588	252
100% owned by Utah Natural Gas Company						
Utah-Western Pipeline Company (inactive)	1,000	1,000	1,000	1,000	—	-
	$4,968,150	$6,942,205	$5,358,032	$7,372,751	$ 389,882	$ 430

*Credit.

The differences are accounted for as follows:

	December 31, 1955	Augus 195
Operating income of subsidiary companies, reflected in earned surplus	$1,222,180	$1,634
Deduct: Excess of parent company's cost over book value of subsidiaries at dates of acquisitions		
Utah Natural Gas Company (excess included in investments)	$ 252,190	$ 62
El Paso Natural Gas Products Company (excess included in properties, plant and equipment)	580,108	580
	$ 832,298	$1,203
Difference	$ 389,882	$ 430

EL PASO NATURAL GAS COMPANY AND SUBSIDIARY COMPANIES

NOTES TO FINANCIAL STATEMENTS (Continued)

Accounts of Rare Metals Corporation of America (55.8% owned by the Company at December 31, 955 and 29.0% owned at August 31, 1956), its two wholly-owned subsidiaries and one wholly-owned ubsidiary, one 75% owned subsidiary and one 55% owned subsidiary of El Paso Natural Gas Products ompany are omitted in the consolidation. Separate statements of those companies are not included erein since such companies, in the aggregate, do not constitute a significant subsidiary, as defined by ules of the Securities and Exchange Commission.

All significant inter-company items of those companies included in the consolidation have been liminated in the preparation of the consolidated financial statements.

e 3. Properties, plant and equipment are stated at original cost, except for refining and marketing cilities of El Paso Natural Gas Products Company, which are stated at cost together with an amount f $302,265 representing an appraisal write-up made in 1946 for which the accumulated reserve for depre- iation at December 31, 1955 and August 31, 1956 was $255,000 and $275,000, respectively.

Properties, plant and equipment at August 31, 1956 includes $4,090,785 representing the Company's vestment in certain gas wells and the gas rights under certain leases purchased in a transaction whereby e Company took title subject to a deed of trust lien securing payment of a debt in the present amount f $30,625,000 (which amount may be increased in the event that the gas reserves underlying such leases, pon a revaluation to take place on or about July 1, 1966, are found to be larger than now estimated by e Company) payable in quarterly installments of varying amounts over a period commencing April 1957, and ending January 1, 1977. However, the Company has not assumed the obligations of such ed of trust or the payment of such debt and the same do not constitute liabilities of the Company hough foreclosure of such deed of trust upon default might result in loss of title. The Company may, its option, rescind its purchase and receive reimbursement of amounts expended by it if on December 1, 1956 (a) title deficiencies have reduced below certain stated amounts the gas reserves acquired through ch purchase or (b) the Federal Power Commission shall fail to grant a Certificate of Public Conve- ence and Necessity covering the construction, ownership and operation of facilities necessary in order permit the Company to market the gas produced from such leases.

By order dated November 26, 1954 relating to the rate matter for the period January 1, 1953 to April 1955 referred to in Note 9 below, the Federal Power Commission disallowed $901,927 representing portion of the interest capitalized by the Company on one of its major construction projects during e years 1948-1951, inclusive. Subsequently, the Commission granted the Company's request for a stay such order, and to date has not ordered the Company to record such adjustments on its books. The mpany disagrees with the disallowance and does not intend to adjust its books unless so ordered by e Commission.

e 4. Other investments include (a) amounts representing balance of loans made in connection with purchase contracts, $9,374,011 at December 31, 1955 and $9,488,471 at August 31, 1956, including 122,415 and $8,054,774 at the respective dates repayable, in accordance with terms of the respective reements, out of a portion of the proceeds of gas purchased by El Paso Natural Gas Company and) as of each such date, $4,111,101 representing the cost of shares of stocks of Western Natural Gas mpany: common, 847,422 shares, 5% convertible preferred ($30 par value), 1952 series, 47,005 shares, 55 series, 42,372 shares, equivalent, respectively, to approximately 23.2%, 24.8% and 23.2% of total ares outstanding. The bid and asked prices quoted for such stocks on the over-the-counter market re as follows:

	December 31, 1955	August 31, 1956
Common	$10-$10¼	$10⅛-$10⅜
1952 series preferred	31- 31⅜	32¼- 33½
1955 series preferred	34- 34½	36⅜- 37¼

ares of the 1952 series and 1955 series preferred stocks of Western Natural Gas Company are convert- into shares of such company's common stock, currently on the basis of conversion prices of $15 d $12, respectively, per share of common stock.

At December 31, 1955 and at August 31, 1956, 677,593 shares of the common stock of Western Natural s Company referred to above were held by the Corporate Trustee under El Paso Natural Gas Com-

EL PASO NATURAL GAS COMPANY AND SUBSIDIARY COMPANIES

NOTES TO FINANCIAL STATEMENTS (Continued)

pany's Indenture of Mortgage as supplemented, subject to release from the lien of such Indenture upon the deposit with the Corporate Trustee of the sum of $2.43⅓ per share. 163,750 additional shares of such common stock were held by four banks as collateral security for loans made to El Paso Natural Gas Company employees for the purchase of shares of the Company's Common Stock under the Employee Stock Purchase Plan of 1953.

The capital stock of El Paso Gas Transportation Corporation is held by the Corporate Trustee under El Paso Natural Gas Company's Indenture of Mortgage as supplemented. The capital stock of Compañía Occidental de Gas, S. A. de Capital Variable is held in escrow for the benefit of holders of First Mortgage Pipe Line Bonds of El Paso Natural Gas Company in accordance with an escrow agreement dated as of June 1, 1946. The amounts of the Company's investments in these subsidiaries are eliminated in the consolidation.

Note 5. Reacquired securities represent the following securities of the Company at the dates indicated:

	Number of Shares	
	December 31, 1955	August 31, 1956
Common Stock	2,312	2,457
4.10% Cumulative Preferred Stock	3,013	13
4½% Cumulative Preferred Stock	55	—

Note 6. The following issues of Preferred Stocks of El Paso Natural Gas Company were outstanding at the dates indicated:

	Shares Authorized	Shares Outstanding		Optional Redemption Price Per Share*	Sinking Fund Redemption Price Per Share*	Amount Outstanding	
		December 31, 1955	August 31, 1956			December 31, 1955	August 31, 1956
First Preferred Stock, par value $100 per share, 600,000 shares authorized as of December 31, 1955, subsequently increased to 1,000,000 shares							
4.10% Cumulative Preferred Stock	75,000**	69,000**	66,000**	$111***	$100	$ 6,900,000	$ 6,600,000
4¼% Cumulative Preferred Stock	25,000**	22,500**	21,250	105	100	2,250,000	2,125,000
5½% Cumulative Preferred Stock	100,000	100,000	100,000	106	102	10,000,000	10,000,000
5.36% Cumulative Preferred Stock	100,000	100,000	100,000	104	100	10,000,000	10,000,000
5.65% Cumulative Preferred Stock	200,000	200,000	200,000	108***	100	20,000,000	20,000,000
5.50% Cumulative Preferred Stock, Series 1956	250,000	—	250,000	105½***	100	—	25,000,000
Total						$49,150,000	$73,725,000
Second Preferred Stock without par value, 472,288 shares authorized							
$4.40 Convertible Second Preferred Stock, Series of 1954	300,000	273,040	176,770	103	100	$27,304,000	$17,677,000

* Plus dividends accrued or in arrears.
** Includes treasury shares referred to in Note 5 to financial statements.
*** Redemption price declines at various future dates.

EL PASO NATURAL GAS COMPANY
AND SUBSIDIARY COMPANIES

NOTES TO FINANCIAL STATEMENTS (Continued)

The Preferred Stocks are callable in whole or in part at the optional redemption price for each series , to the extent required for any sinking fund for the series, at the applicable sinking fund redemption ice.

If not in default in the payment of dividends on its Preferred Stocks, El Paso Natural Gas Company currently obligated to redeem on each June 1, in the case of the 4.10% and 4¼% Cumulative Preferred ocks, and will be obligated to redeem on each June 1, commencing in 1957 in the case of the 5¼%, 6% and 5.65% Cumulative Preferred Stocks and in 1962 in the case of the 5.50% Cumulative Preferred ock,

(1) as fixed sinking funds, a number of shares of Preferred Stock of each such series equal to 2% of the maximum number of shares of such series at any one time outstanding; and

(2) as contingent earnings sinking funds, an additional number of shares equal, in the case of the 5.50% Cumulative Preferred Stock to 1% (3% after June 1, 1971), in the case of the 4.10% Cumulative Preferred Stock, to 2% and, in the case of the 4¼%, 5¼%, 5.36% and 5.65% Cumulative Preferred Stocks, to 3% of the maximum number of shares of such series at any one time outstanding, provided that the Company shall have the right to defer satisfaction of any such contingent earnings sinking fund obligation if and to the extent that its net earnings available for sinking fund purposes for the calendar year next preceding such June 1, determined as provided in the certificates establishing the terms and characteristics of the respective series of the Preferred Stock, are not sufficient for such purposes.

As of each June 1, beginning in 1954, 3,000 shares of the 4.10% Cumulative Preferred Stock and 50 shares of the 4¼% Cumulative Preferred Stock have been retired in satisfaction of sinking fund ligations.

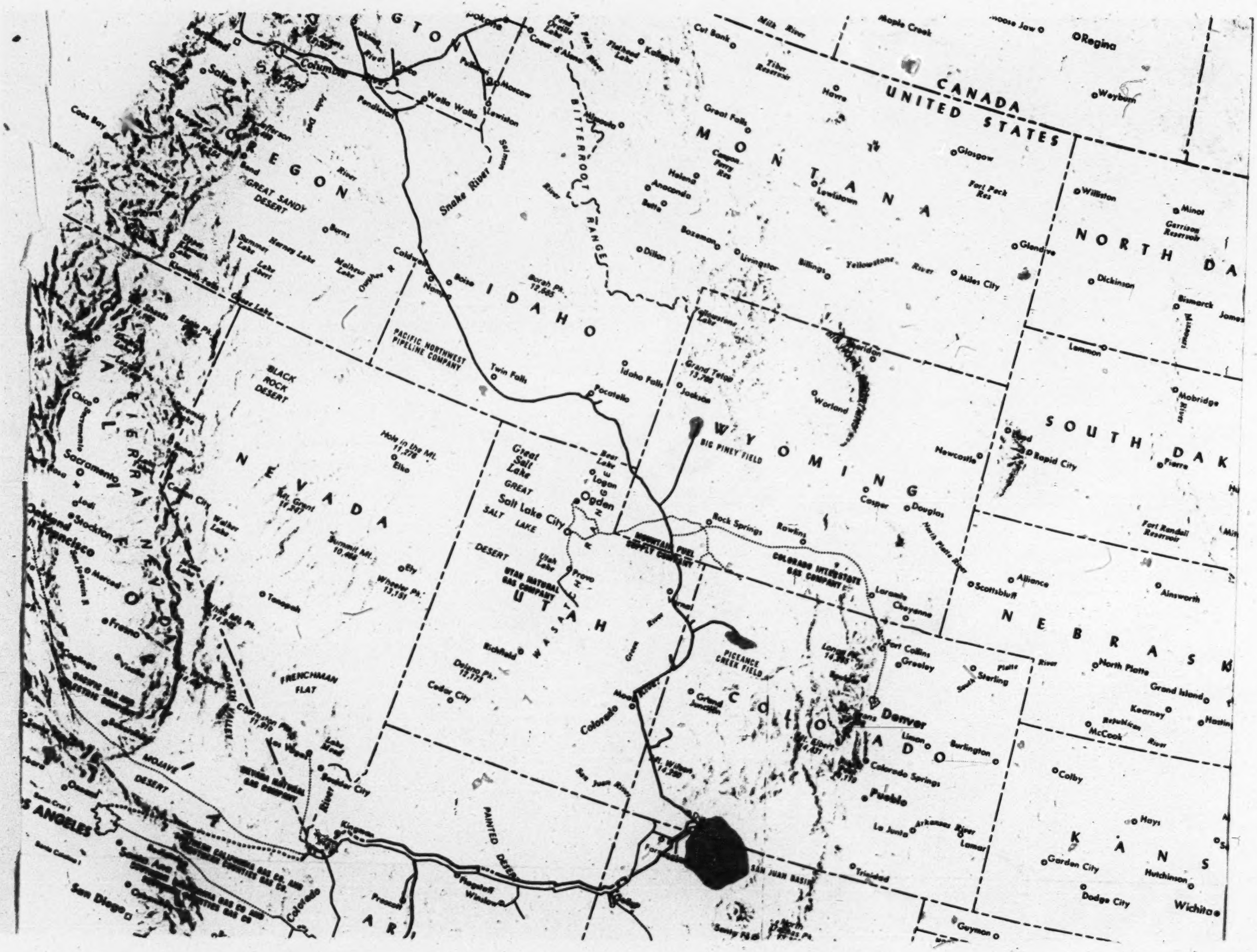
In the case of the $4.40 Convertible Second Preferred Stock, Series of 1954, the sinking fund obligaons commence in 1965 and require the redemption on each June 1 of a number of shares equal to 2% the fixed sinking fund, and 3% for the contingent earnings sinking fund, of the maximum number of ares of such stock outstanding at any time prior to the March 15 next preceding such June 1, reduced the aggregate number of shares of such stock which on or prior to December 31, 1964 shall have been verted into or exchanged for shares of Common Stock.

The fixed sinking fund and contingent sinking fund obligations are cumulative.

The shares of $4.40 Convertible Second Preferred Stock, Series of 1954, are convertible into Common ock of El Paso Natural Gas Company at the conversion price of $41.25 per share, taking the Second eferred Stock at $100 per share. Such conversion price will change to $43.25 on January 1, 1960 and o is subject to adjustment in certain events.

7. The indentures relating to the Company's First Mortgage Pipe Line Bonds and Sinking Fund bentures, the agreement relating to the Company's long-term note payable to bank and the Company's rtificate of Incorporation, as amended, all impose restrictions as to the payment of dividends on any as of the Company's stock, other than cash dividends on its presently outstanding Preferred Stocks. e amount of the Company's earned surplus so restricted was $9,694,713 as of December 31, 1955 and 931,672 as of August 31, 1956.

8. The following series of First Mortgage Pipe Line Bonds and Sinking Fund Debentures were tstanding at the dates indicated:


CANADA
UNITED STATES
MONTANA
IDAHO
WYOMING
NEVADA
UTAH
COLORADO
NEBRASKA
KANSAS
NORTH DAKOTA
SOUTH DAKOTA
OREGON
CALIFORNIA
ARIZONA
Columbia River
Snake River
BITTERROOT RANGE
Yellowstone River
Colorado River
Missouri River
Milk River
Green River
San Juan River
Platte River
Arkansas River
Cheyenne River
North Platte River
Powder River
Bighorn River
Yellowstone Lake
Flathead Lake
Fort Peck Res
Tiber Reservoir
Canyon Ferry Res
Garrison Reservoir
Fort Randall Reservoir
Great Salt Lake
Salt Lake City
Ogden
Boise
Twin Falls
Pocatello
Idaho Falls
Coeur d'Alene
Lewiston
Pendleton
Walla Walla
Moscow
Kalispell
Great Falls
Helena
Butte
Bozeman
Billings
Miles City
Glasgow
Havre
Cut Bank
Regina
Moose Jaw
Maple Creek
Weyburn
Williston
Minot
Dickinson
Bismarck
Glendive
Lemmon
Mobridge
Rapid City
Pierre
Newcastle
Casper
Douglas
Rock Springs
Rawlins
Laramie
Cheyenne
Scottsbluff
Alliance
Ainsworth
North Platte
Grand Island
Kearney
McCook
Colby
Hays
Garden City
Hutchinson
Dodge City
Wichita
Denver
Colorado Springs
Pueblo
La Junta
Lamar
Trimidad
Burlington
Limon
Sterling
Greeley
Fort Collins
Grand Junction
Durango
Cedar City
Richfield
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Utah Lake
Ely
Elko
Winnemucca
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Winslow
Prescott
Yuma
Needles
Barstow
Mojave
Bakersfield
Fresno
Merced
Stockton
Sacramento
Oakland
San Francisco
Los Angeles
San Diego
Santa Barbara
Lompoc
Ventura
Redding
Eureka
Crescent City
Coos Bay
Roseburg
Medford
Klamath Falls
Lakeview
Burns
Ontario
Vale
Baker
Pendleton
Hells Canyon
Lewiston
Orofino
Moscow
Coeur d'Alene
Kellogg
Wallace
Missoula
Kalispell
Havre
Shelby
Cut Bank
Browning
Chief Mountain
Waterton Lakes Park
Calgary
Lethbridge
Medicine Hat
Swift Current
Moose Jaw
Regina
Weyburn
Estevan
Minot
Williston
Watford City
Dickinson
Bismarck
Mandan
Jamestown
Valley City
Fargo
Grand Forks
Devils Lake
Rugby
Minot AFB
Malmstrom AFB
Ellsworth AFB
Offutt AFB
Whiteman AFB
Richards-Gebaur AFB
Fairchild AFB
Mountain Home AFB
Hill AFB
Dyess AFB
Carswell AFB
Tinker AFB
Vance AFB
Altus AFB
Sheppard AFB
Reese AFB
Lackland AFB
Randolph AFB
Kelly AFB
Laughlin AFB
Del Rio
Eagle Pass
Laredo
Corpus Christi
Kingsville
Harlingen
Brownsville
McAllen
Alice
Victoria
Goliad
Beeville
Three Rivers
Pleasanton
Cotulla
Uvalde
Sonora
Ozona
Big Spring
Abilene
Sweetwater
Snyder
Lubbock
Plainview
Amarillo
Pampa
Borger
Perryton
Dalhart
Clovis
Portales
Roswell
Artesia
Carlsbad
Hobbs
Lovington
Tatum
Eunice
Jal
Monahans
Pecos
Fort Stockton
Alpine
Marfa
Presidio
El Paso
Las Cruces
Alamogordo
Tularosa
Holloman AFB
White Sands Missile Range
Truth or Consequences
Deming
Lordsburg
Silver City
Gallup
Grants
Albuquerque
Santa Fe
Los Alamos
Taos
Raton
Las Vegas
Tucumcari
Clayton
Springer
Trinidad
La Junta
Lamar
Garden City
Dodge City
Liberal
Hugoton
Elkhart
Guymon
Boise
Twin Falls
Pocatello
Idaho Falls
Jackson
Worland
Thermopolis
Riverton
Lander
Rawlins
Rock Springs
Green River
Evanston
Kemmerer
Cokeville
Afton
Star Valley
Jackson Hole
Yellowstone Lake
Grand Teton 13,766
Borah Pk. 12,655
Hole in the Mt. 11,278
Kit Grant 11,347
Summit Mt. 10,466
Whipple Pk. 13,151
Mt. Wilson 14,250
Pilot Pk. 14,246
Charleston Pk. 11,910
Dolores Pk. 13,175
Mt. Wilson 14,250
Gilbert 14,431
Longs Pk. 14,255
Republican River
Missouri River
Big Sioux River
Milk River
Yellowstone River
Powder River
Bighorn River
Wind River
Owyhee River
Malheur River
Harney Lake
Summer Lake
Lake Abert
Goose Lake
Klamath Falls
Crater Lake
Diamond Peak
Mt. Shasta
Lassen Pk.
Eagle Pk.
Mt. Lassen
Mt. Hood
Mt. Jefferson
Three Sisters
Newberry Crater
Cascade Range
Coast Range
Sierra Nevada
Great Basin
Mojave Desert
Painted Desert
Black Rock Desert
Great Sandy Desert
Salt Lake Desert
Frenchman Flat
Pacific Northwest Pipeline Company
Mountain Fuel Supply Company
Colorado Interstate Gas Company
Utah Natural Gas Company
Pacific Gas and Electric Company
Southern California Gas Co. and Southern Counties Gas Co.
Southern Counties Gas Co.
Southern Nevada Gas Co.
Southwestern Gas and Electric Co.
Big Piney Field
Piceance Creek Field
San Juan Basin
Sunray Field
North Hugoton Field
Panhandle Field
Kansas Nebraska Natural Gas Co.
Northern Natural Gas Co.
Northern Natural Gas Co. and Peoples Natural Gas Co.
Peoples Natural Gas Co.
Cities Service Gas Co.
Cities Service Gas Co. and Cities Service Gas Co.
Panhandle Eastern Pipe Line Co.
Kansas Gas and Electric Co.
Kansas Power and Light Co.
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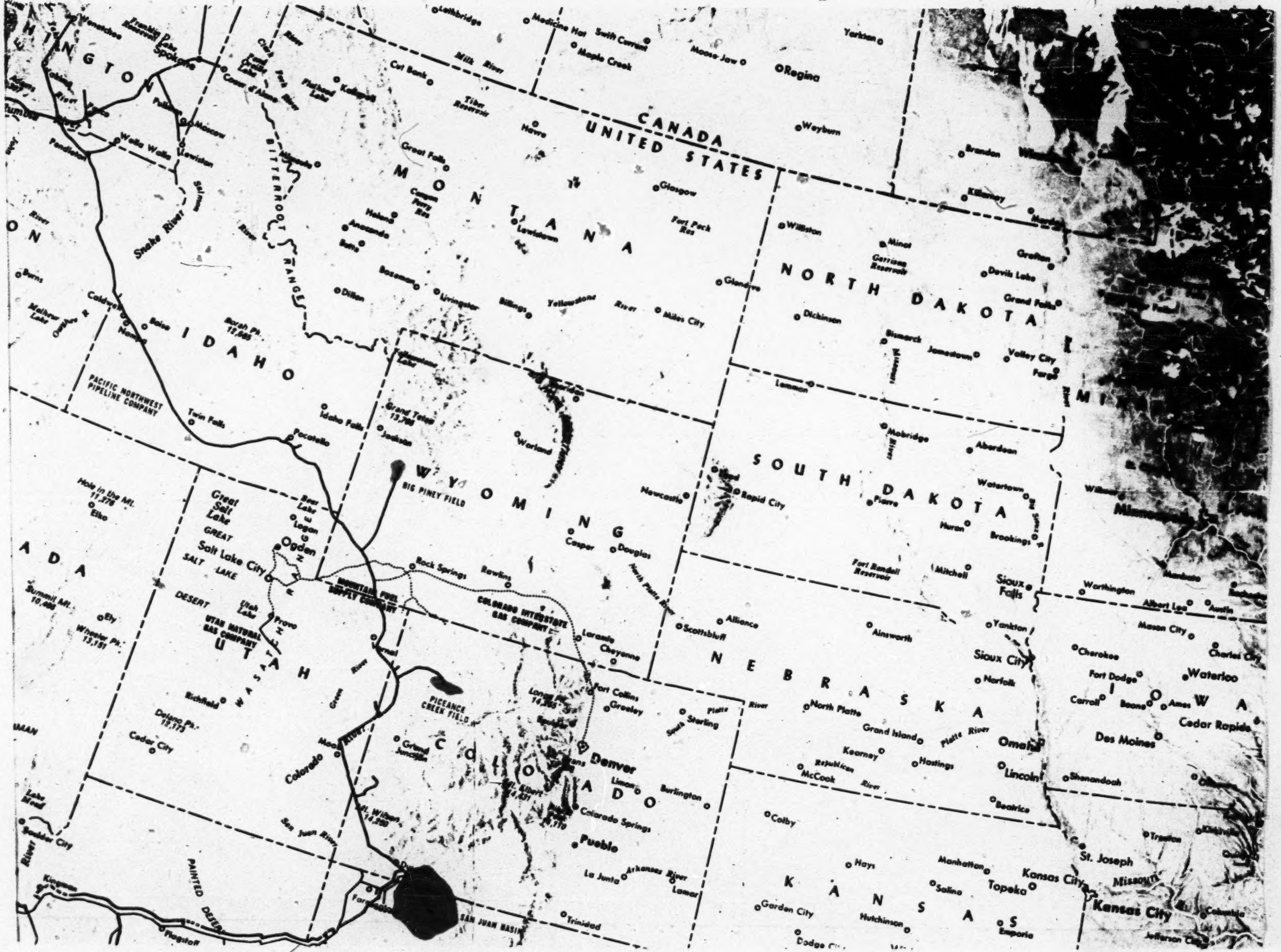
Kansas Pipeline and Gas Co.


CANADA
UNITED STATES
MONTANA
NORTH DAKOTA
SOUTH DAKOTA
MINNESOTA
IDAHO
WYOMING
NEBRASKA
COLORADO
UTAH
KANSAS
IOWA
NEVADA
Lethbridge
Medicine Hat
Swift Current
Maple Creek
Moose Jaw
Regina
Yorkton
Weyburn
Brandon
Winnipeg
Cut Bank
Havre
Great Falls
Glasgow
Fort Peck Res.
Williston
Minot
Garrison Reservoir
Grafton
Devils Lake
Grand Forks
Glendive
Dickinson
Bismarck
Jamestown
Valley City
Fargo
Lemmon
Mobridge
Aberdeen
Watertown
Rapid City
Pierre
Huron
Brookings
Sioux Falls
Worthington
Albert Lea
Austin
Mason City
Charles City
Cherokee
Fort Dodge
Waterloo
Carroll
Boone
Ames
Cedar Rapids
Des Moines
Sioux City
Yankton
Norfolk
Omaha
Lincoln
Beatrice
Shenandoah
Trenton
St. Joseph
Missouri
Kansas City
Columbia
Jefferson City
Topeka
Manhattan
Salina
Hays
Colby
Garden City
Hutchinson
Emporia
Dodge City
North Platte
Grand Island
Kearney
Hastings
McCook
Republican River
Platte River
Alliance
Scottsbluff
Ainsworth
Fort Randall Reservoir
Mitchell
Missouri River
Milk River
Tiber Reservoir
Fresno Reservoir
Nelson Reservoir
Fort Peck Res.
Garrison Reservoir
Lake Oahe
Lake Sakakawea
Spokane
Coeur d'Alene
Kalispell
Flathead Lake
Missoula
Bitterroot Range
Pullman
Moscow
Lewiston
Walla Walla
Pendleton
Yakima
Snake River
Columbia River
Grand Coulee Dam
Lake Roosevelt
Wenatchee
Yakima
Burns
Malheur Lake
Owyhee
Caldwell
Nampa
Boise
Borah Pk. 12,655
Twin Falls
Pacific Northwest Pipeline Company
Idaho Falls
Pocatello
Jackson
Grand Teton 13,766
Yellowstone Lake
Yellowstone River
Helena
Anaconda
Butte
Bozeman
Dillon
Livingston
Billings
Miles City
Lewistown
Big Snowy Mts.
Judith Mts.
Little Rockies
Bear Paw Mts.
Sweetgrass Hills
Big Piney Field
Worland
Newcastle
Casper
Douglas
Rock Springs
Rawlins
Laramie
Cheyenne
Colorado Interstate Gas Company
Mountain Fuel Supply Company
Piceance Creek Field
Grand Junction
Denver
Boulder
Fort Collins
Greeley
Sterling
Limon
Burlington
Colorado Springs
Pueblo
La Junta
Arkansas River
Lamar
Trinidad
San Juan Basin
Farmington
Durango
Cortez
Gallup
Shiprock
Four Corners
Monument Valley
Navajo Mountain
Kayenta
Flagstaff
Painted Desert
Grand Canyon
Kingman
Boulder City
Lake Mead
Colorado River
San Juan River
Green River
Utah Lake
Provo
Ogden
Salt Lake City
Great Salt Lake
Salt Lake Desert
Utah Natural Gas Company
Bear Lake
Logan
Richfield
Cedar City
Delano Pk. 12,173
Wheeler Pk. 13,161
Ely
Summit Mt. 10,400
Elko
Hole in the Mt. 11,276
Wells
Reno
Carson City
Virginia City
Tonopah
Goldfield
Las Vegas
Lake Mead
Boulder City
Kingman
Flagstaff
Painted Desert
Grand Canyon
Navajo Mountain
Kayenta
Monument Valley
Four Corners
Shiprock
Gallup
Farmington
Durango
Cortez
San Juan Basin
Trinidad
Raton
Las Vegas
Santa Fe
Albuquerque
Gallup
Grants
Zuni
Holbrook
Winslow
Flagstaff
Williams
Kingman
Needles
Barstow
Victorville
San Bernardino
Los Angeles
Long Beach
Anaheim
Santa Ana
Riverside
San Diego
Pasadena
Glendale
Burbank
Hollywood
Santa Monica
Pomona
Ontario
Redlands
San Clemente
Oceanside
Escondido
Chula Vista
Coronado
Tijuana
Mexicali
Yuma
Gila Bend
Phoenix
Tempe
Mesa
Scottsdale
Glendale
Peoria
Casa Grande
Florence
Globe
Miami
Safford
Clifton
Morenci
Douglas
Bisbee
Tucson
Nogales
Sierra Vista
Willcox
Deming
Lordsburg
Silver City
Las Cruces
Alamogordo
Roswell
Artesia
Carlsbad
Hobbs
Lovington
Clovis
Portales
Tucumcari
Amarillo
Pampa
Borger
Dumas
Dalhart
Guymon
Liberal
Elkhart
Hugoton
Ulysses
Garden City
Dodge City
Great Bend
Hutchinson
Salina
Manhattan
Topeka
Emporia
Kansas City
Columbia
Jefferson City
Springfield
Joplin
Tulsa
Oklahoma City
Enid
Woodward
Guthrie
Ponca City
Bartlesville
Muskogee
Fort Smith
Little Rock
Pine Bluff
Texarkana
Shreveport
Monroe
Alexandria
Natchitoches
Lake Charles
Beaumont
Port Arthur
Houston
Galveston
Corpus Christi
Brownsville
Laredo
San Antonio
Austin
Waco
Temple
Abilene
Sweetwater
Big Spring
Midland
Odessa
Pecos
Fort Stockton
Alpine
Marfa
Presidio
El Paso
Big Bend National Park
Del Rio
Eagle Pass
Uvalde
Kerrville
Fredericksburg
Brownwood
Stephenville
Wichita Falls
Vernon
Childress
Quanah
Paducah
Memphis
Jackson
Vicksburg
Meridian
Hattiesburg
Laurel
Gulfport
Biloxi
Pascagoula
Mobile
Montgomery
Birmingham
Tuscaloosa
Selma
Dothan
Tallahassee
Pensacola
Panama City
Apalachicola
Tampa
St. Petersburg
Sarasota
Fort Myers
Naples
Miami
Key West
Orlando
Daytona Beach
Jacksonville
Gainesville
Ocala
Lakeland
Winter Haven
Kissimmee
Cape Canaveral
Melbourne
Vero Beach
Fort Pierce
West Palm Beach
Boca Raton
Fort Lauderdale
Hollywood
Miami Beach
Coral Gables
Homestead
Florida City
Everglades National Park
Big Cypress Swamp
Okeechobee
Lake Okeechobee
Kissimmee River
Caloosahatchee River
Peace River
Withlacoochee River
Suwannee River
Ochlockonee River
Apalachicola River
Chattahoochee River
Flint River
Ocmulgee River
Altamaha River
Satilla River
St. Marys River
Okefenokee Swamp
Savannah River
Savannah
Brunswick
Waycross
Valdosta
Albany
Thomasville
Moultrie
Tifton
Cordele
Americus
Columbus
Macon
Warner Robins
Dublin
Vidalia
Swainsboro
Statesboro
Augusta
Aiken
Barnwell
Allendale
Hilton Head Island
Beaufort
Port Royal
Parris Island
Charleston
Georgetown
Myrtle Beach
Florence
Darlington
Sumter
Columbia
Camden
Lancaster
Chesterfield
Cheraw
Bennettsville
Dillon
Marion
Conway
Georgetown
Wilmington
Fayetteville
Lumberton
Laurinburg
Rockingham
Hamlet
Pinehurst
Southern Pines
Aberdeen
Sanford
Raleigh
Durham
Chapel Hill
Burlington
Greensboro
High Point
Winston-Salem
Statesville
Mooresville
Salisbury
Kannapolis
Concord
Gastonia
Charlotte
Rock Hill
Fort Mill
Lancaster
Chester
Union
Spartanburg
Greenville
Anderson
Clemson
Seneca
Walhalla
Westminster
Greenwood
Abbeville
Laurens
Clinton
Newberry
Saluda
Edgefield
North Augusta
Aiken
Barnwell
Allendale
Hilton Head Island
Beaufort
Port Royal
Parris Island
Charleston
Georgetown
Myrtle Beach
Florence
Darlington
Sumter
Columbia
Camden
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Chesterfield
Cheraw
Bennettsville
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Conway
Georgetown
Wilmington
Fayetteville
Lumberton
Laurinburg
Rockingham
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Pinehurst
Southern Pines
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Raleigh
Durham
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Rock Hill
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Greenville
Anderson
Clemson
Seneca
Walhalla
Westminster
Greenwood
Abbeville
Laurens
Clinton
Newberry
Saluda
Edgefield
North Augusta

EL PASO NATURAL GAS COMPANY AND SUBSIDIARY COMPANIES

NOTES TO FINANCIAL STATEMENTS (Continued)

	Principal Amount Authorized	Outstanding (Including Amounts Due Within One Year)	
		December 31, 1955	August 31, 1956
First Mortgage Pipe Line Bonds			
El Paso Natural Gas Company			
3% Series due 1966	$ 36,000,000	$ 20,620,000	$ 19,660,000
Second 3% Series due 1966	15,000,000	9,330,000	8,885,000
3¼% Series due 1968	36,000,000	26,730,000	24,670,000
3¼% Series due 1964	24,000,000	16,983,000	14,985,000
Second 3¼% Series due 1964	12,000,000	9,360,000	8,916,000
3¼% Series due 1965	28,000,000	23,380,000	22,610,000
3¼% Series due 1967	14,000,000	12,300,000	11,620,000
3¼% Series due 1968	65,000,000	62,000,000	59,000,000
4¼% Series due 1968	120,000,000	115,000,000	112,500,000
3½% Series due 1972	132,000,000	33,000,000	91,740,000
4% Series due 1974	30,000,000	—	6,766,000
Utah Natural Gas Company			
4¼% Series due 1973	3,000,000	2,775,000	2,700,000
Total First Mortgage Pipe Line Bonds		$331,478,000	$383,986,000
Sinking Fund Debentures			
El Paso Natural Gas Company			
3¼% due 1987	$ 16,000,000	$ 6,400,000	$ 4,800,000
3% due 1958	8,000,000	4,800,000	4,000,000
4¼% due 1968	30,000,000	30,000,000	30,000,000
Total Sinking Fund Debentures		$ 41,200,000	$ 38,800,000

An additional $40,260,000 principal amount of 3½% series 1972 bonds and an additional $23,234,000 principal amount of 4% series 1974 bonds are issuable prior to December 31, 1957 and April 30, 1957 respectively, pursuant to bond purchase agreements with certain institutional investors. Semi-annual sinking fund payments, to be applied to the redemption of the bonds and sinking fund debentures at the applicable sinking fund redemption prices, are required to be made in the following amounts (exclusive of redemption premiums where applicable): applicable to bonds outstanding at December 31, 1955—during 1956, $23,058,000; 1957, $25,518,000; 1958, $23,738,000; 1959, $27,208,000; 1960, $27,438,000. applicable to bonds outstanding August 31, 1956—during twelve months' periods ending August 31, 1957 $24,288,000; 1958, $24,638,000; 1959, $27,508,000; 1960, $28,098,000; 1961, $29,198,000; and, in subsequent years, at varying amounts sufficient in the aggregate to retire all of such bonds and debentures by their respective maturity dates.

Miscellaneous long-term debt includes $2,950,305 at December 31, 1955 and $2,898,914 at August 31, 1956, in each case representing the remaining balance at those dates of a $3,000,000, 4¼% first mortgage note of El Paso Natural Gas Building Company. Quarterly principal and interest payments totaling $200,520 annually are required to be made on this note, with a final installment of $941,732 payable December 21, 1974.

Note 1. Gas sales include $13,609,075 for the year 1955 and $13,994,014 for the eight months ended August 31, 1956 resulting from increased rates made effective April 15, 1955, subject to refund under order of the Federal Power Commission. Provision has been made for refund of a portion of this rate increase based upon the difference between a 6% rate of return found reasonable for the Company under an order of the Commission dated November 26, 1954 and a 6⅛% rate of return claimed by the Company in its application. Other issues may be involved in this rate case but in the opinion of the Company no provision for additional refunds is required.

The Company has refunded $3,218,316 applicable to 1953 gas sales, together with accrued interest, pursuant to an order of the Commission dated July 20, 1956 relating to increased rates in effect from January 1, 1953 to April 14, 1955, inclusive. The financial statements have been restated to give retroactive effect to this refund. Following is a summary of the refund, together with a summary of the provision for refund applicable to rates effective since April 15, 1955.

EL PASO NATURAL GAS COMPANY AND SUBSIDIARY COMPANIES

NOTES TO FINANCIAL STATEMENTS (Continued)

	Years Ended December 31,			Eight Months Ended August 31,
	1953	1954	1955	1956
Rate Refund Made, Applicable to 1953 Sales—rates in effect from January 1, 1953 to April 14, 1955				
Gas sales refunded (gas sales restated)	$3,218,316			
Interest (other interest expense restated)	68,379	$ 191,390	$ 193,156	$ 107,054
Federal income tax reduction (federal income tax expense restated)	(1,709,081)	(99,523)	(100,441)	(55,668)
Total Refunded, Less Tax	$1,577,614	$ 91,867	$ 92,715	$ 51,386
Provision for Rate Refund—rates in effect since April 15, 1955				
Gas sales			$2,525,687	$2,541,805
Interest			36,251	133,130
Federal income tax reduction			(1,332,208)	(1,390,966)
Total Provision for Rate Refund, Less Tax	—	—	$1,229,730	$1,283,969

Note 10. Customers' advances for construction include $8,313,000 at December 31, 1955 and $7,216,944 at August 31, 1956, in each case representing the remaining balance at such dates of a total amount of $12,000,000 advanced during 1952 on behalf of three customers for the acquisition and development by El Paso Natural Gas Company of gas production properties. Such advances are repayable, together with interest at 3.60% per annum, in monthly installments. These monthly installments, including interest, have averaged approximately $161,000 each.

Note 11. During 1956 the Company and certain of its subsidiaries elected to retroactively use the declining balance method of computing depreciation for federal income tax purposes on certain property additions acquired since January 1, 1954. For book purposes, however, the Company is continuing to provide for depreciation on the straight-line method. The effect of the declining balance method is to reduce the amount of federal income taxes payable in the early years of a property's life and increase such taxes in later years. Accordingly, provision has been made in the accompanying financial statements for federal income taxes deferred to subsequent years.

Note 12. The amounts of maintenance and repairs, depreciation, rents and royalties charged to accounts other than operating expenses are not significant. Rents and royalties charged to operating expenses are as follows:

	Years Ended December 31,			Eight Months Ended August 31,
	1953	1954	1955	1956
Rents, excluding inter-company items eliminated in consolidation	$ 539,695	$1,013,883	$1,140,597	$ 991,181
Royalties, including oil and gas leasehold royalties	2,914,185	4,829,630	5,502,443	3,746,554

Taxes, other than federal income tax, are as follows:

	Years Ended December 31			Eight Months Ended August 31,
	1953	1954	1955	1956
Property taxes	$2,826,181	$3,838,790	$4,453,145	$3,252,089
Texas gas gathering tax	1,307,822	—	—	—
Payroll taxes	517,287	526,235	588,635	403,957
State production and other taxes	684,371	982,193	1,023,200	896,546
Total	$5,335,661*	$5,347,218*	$5,978,980*	$4,752,186*
Charged to:				
Operating expenses	$4,854,123	$4,989,680	$5,818,939	$4,419,587
Gas plant	303,559	239,976	105,034	179,858
Other	177,979	117,582	55,007	152,741
Total	$5,335,661*	$5,347,218*	$5,978,980*	$4,752,186*

* Excludes state sales and use taxes for the reason that it is impracticable to ascertain amounts thereof.

EL PASO NATURAL GAS COMPANY AND SUBSIDIARY COMPANIES

NOTES TO FINANCIAL STATEMENTS (Concluded)

Note 13. Depreciation on (a) gas transmission facilities, (b) gas production facilities, other than wells and leases and (c) other gas facilities is computed by the straight-line method at rates ranging from (a) 3⅓% to 6⅔%, (b) 4% to 6⅔% and (c) 2½% to 33⅓%, respectively, applied to the cost of the respective facilities less estimated salvage value. Depreciation and depletion on gas and oil wells and leases are provided by the unit of production method. Depreciation on refining and marketing facilities acquired prior to July 1, 1954 is computed by the straight-line method at rates ranging from 3⅓% to 20% and on such facilities subsequently acquired, by the declining balance method at double straight-line rates.

Maintenance, repairs and minor renewals are charged to expense. Additions and betterments are charged to property accounts. Retirements are eliminated from the property accounts and, after deduction for net salvage, are charged to reserve accounts, except that retirements and applicable accumulated depreciation of refining and marketing property of a subsidiary company are eliminated from the property and reserve accounts and any gains or losses reflected in income.

Note 14. Net income has been increased as follows, due to the reduction of net interest expense and federal income tax as a result of the deduction of intangible drilling costs and interest and taxes during construction for federal income tax purposes but capitalizing such items for all other purposes as permitted by the rules of the Federal Power Commission: 1953, $9,632,092; 1954, $4,970,269; 1955, $6,997,886; eight months ended August 31, 1956, $5,525,541.

Note 15. El Paso Natural Gas Company has made substantial commitments in connection with its Second Permian-San Juan Construction Project, designed to increase gas delivery capacity by 450,000 MCF per day. The Company estimated as of December 31, 1955 that approximately $167,000,000 would be required to complete this project. After giving effect to subsequent expenditures to August 31, 1956, the Company estimates as of that date that the remaining amount which will be required is approximately $101,000,000. The Company is further committed to spend substantial amounts over a period of years in the development of certain of its gas properties, and has guaranteed payment of principal and interest on a 4% note of one of its gas suppliers in the principal amount of $750,000, due December 31, 1958.

On August 15, 1956 the Company received notice of a proposed assessment of additional state income tax totaling $1,204,680, applicable to the years 1952, 1953 and 1954. A hearing on this proposed assessment has been set for November 15, 1956. Counsel for the Company is of the opinion that the Company's eventual liability will be substantially less than the proposed amount. A jury has returned an unfavorable verdict in a suit brought against the Company by certain producing companies for $140,906, plus [illegible] interest from September 30, 1944, alleged to be due plaintiffs under purchase contracts. The Company has filed a motion for judgment notwithstanding the jury verdict and a motion for a new trial. No provision has been made in the financial statements for possible liability in connection with this matter or the proposed assessment of state income tax. There is no other litigation or claim against either the Company or its subsidiaries which is considered to be significant in amount.

El Paso Natural Gas Company has agreed to repurchase, at rates substantially less than the current market price, shares of its Common Stock sold to employees under various stock purchase plans.

Effective as of January 1, 1956, the Company adopted an amended Retirement Income Plan. Based on present payrolls, it is estimated that the aggregate annual contributions of the Company and its consolidated subsidiaries under the Plan, including provision for funding the past service benefits thereunder over a twenty-year period, will be approximately $1,082,006. The unfunded past service cost of the Plan at December 31, 1955 was $2,609,925.

(3036)

AUDITORS' CERTIFICATE

To the Board of Directors,

Pacific Northwest Pipeline Corporation:

We have examined the consolidated balance sheet of Pacific Northwest Pipeline Corporation (a Delaw corporation) and its wholly-owned subsidiary company, Westcoast Investment Corporation, as of Aug 31, 1956. Our examination was made in accordance with generally accepted auditing standards, a accordingly included such tests of the accounting records and such other auditing procedures as we c sidered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet presents fairly the financial position Pacific Northwest Pipeline Corporation and its wholly-owned subsidiary company as of August 31, 19 and was prepared in conformity with generally accepted accounting principles.

ARTHUR ANDERSEN & CO.

Houston, Texas
November 12, 1956

PACIFIC NORTHWEST PIPELINE CORPORATION
AND WHOLLY-OWNED SUBSIDIARY COMPANY (NOTE 2)

Consolidated Balance Sheet — August 31, 1956

ASSETS

Gas Plant in Process of Construction, at original cost (Note 1)		$198,583,988
Investments in Associated Companies, at cost (Note 2)		13,836,700
Current Assets:		
Cash	$ 4,455,474	
U. S. Government securities, at cost	12,914,650	
Special deposits—		
On deposit with trustee for payment of interest on 5¼% interim notes to March 1, 1957	473,001	
Other	26,290	
Accounts receivable (including $56,891 due from Northwest Production Corporation)	1,142,038	
Other	75,056	19,086,509
Deferred Charges:		
Debt expense in process of amortization over lives of issues	$ 1,772,509	
Capital stock expense	217,794	
Prepaid gas purchases	2,618,711	4,609,014
		$236,116,211

(The accompanying notes are an integral part of this balance sheet.)

(3038)

PACIFIC NORTHWEST PIPELINE CORPORATION
AND WHOLLY-OWNED SUBSIDIARY COMPANY (NOTE 2)

Consolidated Balance Sheet — August 31, 1956

LIABILITIES

Capitalization:		
Equity capital—		
Common stock, par value $1 per share, authorized 4,000,000 shares, issued and outstanding 2,811,973 shares (Notes 3 and 5)		$ 2,811,973
Premium on common stock		20,917,000
Interest capitalized on equity funds (less $231,475 interest cost not chargeable to gas plant in process of construction and $2,990 cost of abandoned project)		1,370,000
Cumulative preferred stock, without par value, 500,000 shares authorized, none outstanding (Note 4)		—
		$ 24,298,973
Interim Notes (Note 4)—		
5½% due June 1, 1957	$ 17,220,000	
5.6% due June 1, 1958—		
Series A	5,800,000	
Series B (payable in common stock at Company's option)	4,200,000	27,220,000
Long-term debt (Notes 5 and 6)—		
First mortgage pipeline bonds	$128,200,000	
Bank loans	37,400,000	
Other notes payable ($5,654,000 payable in common stock at Company's option)	6,329,000	
	$171,929,000	
Less—Amount due within one year	100,000	171,829,000
Total capitalization		$223,347,973
Current Liabilities:		
Long-term debt due within one year (Note 5)	$ 100,000	
Accounts payable	8,106,227	
Accrued payroll	322,973	
Accrued taxes	1,952,235	
Accrued interest	2,342,920	
Other	34,324	12,858,679
Contingent Liabilities and Commitments (Notes 1 and 7)		
		$236,206,652

(The accompanying notes are an integral part of this balance sheet.)

PACIFIC NORTHWEST PIPELINE CORPORATION AND WHOLLY-OWNED SUBSIDIARY COMPANY

NOTES TO CONSOLIDATED BALANCE SHEET
August 31, 1956

Construction Program and Commitments —

The Company is nearing completion of construction of the initial stage of its natural gas production, gathering and transmission facilities originating in the San Juan Basin of New Mexico and Colorado and extending through the Pacific Northwest to the United States-Canadian border with a design capacity of 343,000 MCF per day. The cost of such initial stage is estimated at $212,000,000 with completion scheduled during December, 1956. Sales of gas commenced on a limited basis to some customers during August 1956. The Company estimates that additional costs of approximately $13,000,000 will be incurred after August 31, 1956, to complete the initial stage of construction, and substantial commitments have been made in connection therewith.

In 1957, the Company proposes to construct additional production, gathering and transmission facilities at an estimated cost of $28,000,000, bringing the system to its maximum capacity of 646,000 MCF per day as authorized by the Federal Power Commission. Such capacity includes receipt of Canadian gas from Westcoast Transmission Company Limited scheduled to commence by November 1, 1957, as authorized by the United States and Canadian governments.

The Company, during the process of the construction program, has maintained a segregation of its construction costs which eventually will be classified into detailed property accounts. At August 31, 1956, such segregation may be summarized as follows:

Franchises, consents, and organization expenditures	$ 1,951,112
Production plant and gathering system, including producing and non-producing leaseholds and well costs	38,478,986
Products extraction plant	4,333,575
Transmission plant—	
Land and land rights	4,516,685
Mains	106,153,026
Compressor stations	16,641,183
Undistributed items—	
Interest during construction	7,757,994
Other overheads	11,545,112
Construction costs as yet unclassified	7,206,315
	$198,583,988

The Company has filed an application with the Federal Power Commission requesting authorization to construct the additional facilities necessary to increase by 100,000 MCF per day the volumes of gas to be sold to Colorado Interstate Gas Company. The cost of such facilities is presently estimated to be approximately $27,900,000.

Investments and Principles of Consolidation —

The investments of the Company in associated companies at August 31, 1956, are as follows:

Name	Common Shares Owned	Per Cent of Voting Interest	Investment at Cost
Consolidated (eliminated in consolidated balance sheet)—			
Westcoast Investment Corporation	1,000	100	$ 5,639,750(a)
Unconsolidated—			
Northwest Production Corporation	6,664,000	69	$ 6,664,000(b)
Westcoast Transmission Company Limited	1,127,750	25	5,638,750
Phillips Pacific Chemical Company	490	49	1,472,450(c)
Other			61,500
Total			$13,836,700

(a) Includes advances of $5,638,750 and is equal to underlying book value as shown by the records of the company at August 31, 1956.
(b) Of which $5,664,000 represents the cost to the Company of approximately 70,000 acres of undeveloped oil and gas properties transferred to Northwest Production Corporation in exchange for 5,664,000 shares of that company's common stock (par value $1 per share). Underlying book value of this investment as shown by the records of the company at August 31, 1956, is $6,711,781.
(c) Includes advances of $1,470,000.

PACIFIC NORTHWEST PIPELINE CORPORATION AND WHOLLY-OWNED SUBSIDIARY COMPANY

NOTES TO CONSOLIDATED BALANCE SHEET — (Continued)

The consolidated balance sheet of Pacific Northwest Pipeline Corporation includes the balance sheet of a wholly-owned subsidiary, Westcoast Investment Corporation, which company owns 25% (1,127,750 shares at a cost of $5,638,750) of the outstanding capital stock of Westcoast Transmission Company Limited, the Company's Canadian source of gas. All intercompany items have been eliminated. Consolidated statements of income have not been included since the companies had had no operations to August 31, 1956. The balance sheet of Northwest Production Corporation, which company is in the developmental stage and had had no income to that date, has not been included in the consolidated balance sheet, but a separate balance sheet of this subsidiary is included herewith. The financial statements of Phillips Pacific Chemical Company, which has had no operations to date, have not been consolidated; it is not a majority owned subsidiary. Separate financial statements have not been filed for Phillips Pacific Chemical Company since such company does not constitute a significant subsidiary as defined in the rules of the Securities and Exchange Commission.

The securities of Northwest Production Corporation held by the Company and the securities of Westcoast Transmission Company Limited held by Westcoast Investment Corporation at August 31, 1956, were pledged with the Trustee under the Company's Mortgage and Deed of Trust, as supplemented and amended, securing the First Mortgage Pipeline Bonds. Market values based on bid prices at November 9, 1956, of the investments in Northwest Production Corporation and Westcoast Transmission Company Limited were approximately $49,147,000 and $31,295,000 respectively.

(3) Common Stock —

The Company, under a restricted stock option agreement subject to stockholders' approval, has granted its president the option to purchase an aggregate of 30,000 shares of the company's common stock at a price per share of 95% of the fair market value on June 15, 1956, the date of grant. The option price per share is $27.79, or an aggregate option price of $833,625, and the market value per share at date of grant was $29.25, or an aggregate market value of $877,500. The option becomes exercisable at the rate of 6,000 shares annually on or after June 15, of each year from 1957 to 1961. The option terminates as to any unexercised portion thereof on July 15, 1961. At August 31, 1956, no options had been exercised, none were exercisable and no accounting entries had been made in connection with the option agreement.

On October 9, 1956, the Company entered into a subscription agreement with its president for the sale to him of 30,000 shares of the Company's common stock at the then fair market value of $[illegible] per share.

The Company has reserved 140,000 shares of common stock for the purpose of effecting conversions from time to time of the 5.6% Interim Notes, Series B, and the Preferred Stock, Class B, $3.50 Series, as explained in Note 4.

On September 21, 1956, the Company issued 10,000 shares of its authorized common stock in exchange for all of the outstanding stock of Specialty Gas Products, a nonoperating California corporation chartered to engage in the marketing of liquid petroleum products.

(4) Interim Notes and Preferred Stock —

The interim notes outstanding August 31, 1956, are payable in cash or, at the Company's option, by the delivery of cumulative preferred stock reserved for that purpose as set forth below. If paid in cash, the Company is committed under its Mortgage and Deed of Trust to raise such funds by the sale of common stock or preferred stock bearing a dividend rate not in excess of 5.6 percent. The 5.6% Series B interim notes are convertible into shares of common stock at the option of the holder at the rate of one share for each $30 principal amount of notes. The Company may redeem the Series B notes, in whole or in part, at 104% of the face amount thereof, by issuance of common stock at 90% of the then market value of such common stock.

The Company has reserved 287,000 shares of its cumulative preferred stock, $3.30 Series, for issuance in payment of the 5½% interim notes at their maturity on June 1, 1957. Such preferred stock is subject to redemption, in whole or in part, at $60 per share, plus accrued and unpaid dividends.

The Company has also reserved 100,000 shares of its cumulative preferred stock (58,000 shares Class A, $5.60 Series, and 42,000 shares Class B, $5.60 Series), for issuance in payment of the 5½%

PACIFIC NORTHWEST PIPELINE CORPORATION
AND WHOLLY-OWNED SUBSIDIARY COMPANY

NOTES TO CONSOLIDATED BALANCE SHEET — (Continued)

interim notes at their maturity on June 1, 1958. Such preferred stock is subject to redemption, plus accrued and unpaid dividends, at $104 per share to April 1, 1959, such price declining 25¢ per share per year thereafter until it reaches $100 per share on April 2, 1974.

The Class B $5.60 Series preferred stock is convertible into shares of common stock at the option of the holder on or before April 1, 1961, at the rate of one share of common stock for each $30 principal amount of preferred stock. The Company may redeem the Class B preferred stock in whole or in part at the redemption prices set forth above by issuance of common stock at 90% of the then market value of such common stock.

The preferred stock sinking fund provisions call for retirement during specified periods at not more than $60 and $100 per share, respectively, of certain percentages of the $3.30 and $5.60 Series preferred stock outstanding on certain dates as tabulated below.

$3.30 Series		$5.60 Series	
Twelve Months Ending August 31	Per Cent of Stock Outstanding September 1, 1955	Twelve Months Ending August 31	Per Cent of Stock Outstanding September 1, 1955
1964 to 1971	3%	1966 to 1972	3%
1972 to 1979	4	1973 to 1980	4
1980 and after	5	1981 and after	5

Long-Term Debt —

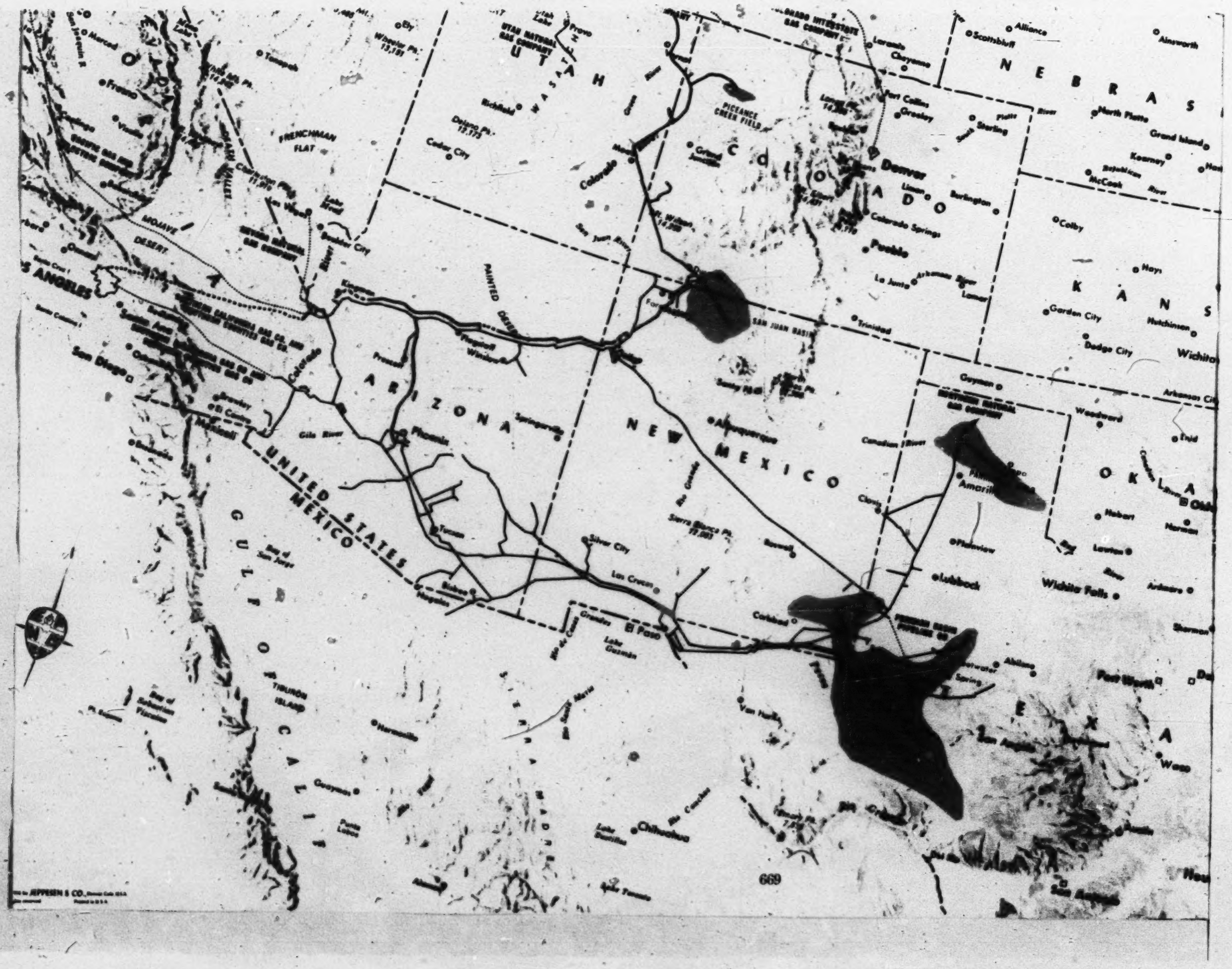
The issues outstanding at August 31, 1956, and the amounts due within one year are as follows:

	Amount
First Mortgage Pipeline Bonds—	
4¼% Series due 1975	$ 93,200,000
4¾% Series due 1977	35,000,000
	$128,200,000
Bank loans—	
3¼% due 1958-1962	$ 26,800,000
3¼% due 1958-1962	1,500,000
3¼% due 1959-1962	5,100,000
4% due November 1, 1957	3,000,000
4¼% due November 1, 1957	1,000,000
	$ 37,400,000
Other notes payable—	
3¼% due 1965-1970	$ 5,654,000(a)
3¼% due 1957-1962 ($100,000 due within one year)	675,000
	$ 6,329,000
Total	$171,929,000

(a) The 3¼% notes due 1965-1970 of $5,654,000 are payable, at the Company's option, in common stock of the Company having a market value at the time of delivery equal to approximately 108 per cent of the unpaid balance.

The aggregate maturities of long-term debt outstanding at August 31, 1956, for each of the four years ending August 31, are as follows:

1958	$4,100,000
1959	3,850,000
1960	9,000,000
1961	9,000,000


UTAH
COLORADO
NEBRASKA
KANSAS
ARIZONA
NEW MEXICO
OKLAHOMA
TEXAS
Denver
Colorado Springs
Pueblo
Grand Junction
Cheyenne
Scottsbluff
Alliance
Ainsworth
North Platte
Grand Island
Kearney
McCook
Colby
Hays
Garden City
Hutchinson
Dodge City
Wichita
Trinidad
La Junta
Lamar
Las Animas
Arkansas River
Platte River
Republican River
Sterling
Fort Collins
Greeley
Longmont
Boulder
Burlington
Limon
Julesburg
Grayson
Woodward
Enid
Arkansas City
Amarillo
Clovis
Lubbock
Wichita Falls
Abilene
Fort Worth
Dallas
Waco
Austin
San Antonio
Houston
Corpus Christi
Laredo
Brownsville
Albuquerque
Santa Fe
Roswell
Carlsbad
Las Cruces
El Paso
Phoenix
Tucson
Yuma
Flagstaff
Winslow
Prescott
Gallup
Farmington
Durango
Grand Junction
Cortez
Moab
Vernal
Price
Provo
Salt Lake City
Ogden
Logan
Richfield
Cedar City
Delta
Wendover
Ely
Las Vegas
Barstow
Bakersfield
Fresno
Merced
San Joaquin R.
Los Angeles
San Diego
Long Beach
Santa Ana
Riverside
Oceanside
Escondido
Mojave
Death Valley
Owens Valley
Lake Mead
Boulder City
Needles
Kingman
Parker
Blythe
Yuma
Gila River
Colorado River
Rio Grande
Pecos River
Canadian River
Arkansas River
Platte River
Republican River
Green River
San Juan River
Gunnison River
Uncompahgre River
Dolores River
Animas River
Los Pinos River
Piceance Creek Field
San Juan Basin
Painted Desert
Mojave Desert
Death Valley
Frenchman Flat
Lake Mead
Lake Powell
Lake Meredith
Lake Texoma
Lake Arbuckle
Lake Corpus Christi
Lake Amistad
Lake Falcon
Lake Colorado City
Lake Brownwood
Lake Abilene
Lake Whitney
Lake Waco
Lake Texarkana
Lake Ouachita
Lake Dardanelle
Lake Fort Smith
Lake Eufaula
Lake Tenkiller
Lake Hudson
Lake Grand
Lake Keystone
Lake Arcadia
Lake Hefner
Lake Overholser
Lake Altus
Lake Lawtonka
Lake Waurika
Lake Murray
Lake Texoma

Alliance
Scottsbluff
Sterling
Burlington
Yankton
Sioux City
Norfolk
Grand Island
Kearney
Hastings
McCook
Colby
Gordon City
Dodge City
Hoyt
Manhattan
Salina
Wichita
Topeka
Kansas City
St. Joseph
Missouri
Atchison
Lincoln
Omaha
Des Moines
Cedar Rapids
Waterloo
Mason City
Clarinda
Corning
Creston
Ames
Fort Dodge
Denver
Pueblo
Colorado Springs
Fort Collins
Greeley
Cheyenne
Trinidad
Las Vegas
Raton
Santa Fe
Albuquerque
Gallup
Farmington
Durango
Grand Junction
Glenwood Springs
Aspen
Steamboat Springs
Craig
Meeker
Rangely
Vernal
Price
Salt Lake City
Provo
Ogden
Logan
Pocatello
Idaho Falls
Twin Falls
Boise
Ontario
Nampa
Caldwell
Weiser
Lewiston
Clarkston
Walla Walla
Yakima
Wenatchee
Spokane
Coeur d'Alene
Missoula
Butte
Helena
Great Falls
Havre
Glasgow
Williston
Minot
Bismarck
Dickinson
Miles City
Billings
Sheridan
Casper
Rawlins
Rock Springs
Evanston
Green River
Kemmerer
Afton
Jackson
Cody
Worland
Thermopolis
Lander
Riverton
Shoshoni
Wind River
Rawlins
Laramie
Cheyenne
Scottsbluff
Alliance
Chadron
Valentine
Ainsworth
Norfolk
Sioux City
Omaha
Lincoln
Beatrice
Falls City
Nebraska City
Council Bluffs
Clarinda
Mason City
Charles City
Fort Dodge
Waterloo
Cedar Rapids
Des Moines
Davenport
Muscatine
Iowa City
Ottumwa
Burlington
Quincy
Hannibal
Kansas City
Missouri
Jefferson City
Columbia
Springfield
Joplin
Fayetteville
Fort Smith
Little Rock
Pine Bluff
Texarkana
Shreveport
Monroe
Natchez
Vicksburg
Jackson
Meridian
Tuscaloosa
Birmingham
Anniston
Atlanta
Macon
Columbus
Montgomery
Dothan
Tallahassee
Pensacola
Mobile
Biloxi
Gulfport
New Orleans
Baton Rouge
Lafayette
Lake Charles
Beaumont
Port Arthur
Houston
Galveston
Corpus Christi
Brownsville
Laredo
Del Rio
San Antonio
Austin
Waco
Dallas
Fort Worth
Abilene
Sweetwater
San Angelo
Big Spring
Midland
Odessa
Pecos
Fort Stockton
Alpine
Marfa
El Paso
Las Cruces
Roswell
Clovis
Portales
Tucumcari
Amarillo
Pampa
Borger
Perryton
Dalhart
Guymon
Woodward
Enid
Tulsa
Oklahoma City
Ardmore
Sherman
Paris
Texarkana
Lawton
Wichita Falls
Abilene
Lubbock
Plainview

PACIFIC NORTHWEST PIPELINE CORPORATION AND WHOLLY-OWNED SUBSIDIARY COMPANY

NOTES TO CONSOLIDATED BALANCE SHEET — (Continued)

The Company has pledged under its Mortgage and Deed of Trust, as supplemented and amended substantially all of its natural gas supply contracts and natural gas and natural gas products sales contracts.

(6) Credit Agreements —

At August 31, 1956, the Company had an agreement dated July 27, 1956, with certain banks which provided for a line of credit aggregating $13,000,000 to be available until March 1, 1957, with such loans made thereunder to mature on November 1, 1957. The interest rate was to be 4% with a commitment fee of ½ of 1% from July 27, 1956, on the average daily unused portion of the loan commitment. At August 31, 1956, the Company had made no loans under this agreement. This agreement was replaced on September 18, 1956, by a commitment agreement which contains substantially the same provisions, and on November 1, 1956, a loan of $5,000,000 was made pursuant thereto. Borrowings under this agreement are to be used in the Company's construction program, for additional working capital and for other corporate purposes.

In addition, the Company has a commitment agreement dated April 30, 1956, with certain banks providing that a line of credit in the amount of $5,000,000 will be available until November 1, 1957, to provide interim funds to expedite the Company's 1956 drilling program. The interest rate is to be ½% per annum over the prime rate in effect at the date of the loan. At August 31, 1956, loans outstanding under this agreement amounted to $4,000,000 (3,000,000 at 4% and $1,000,000 at 4¼%). The balance of $1,000,000 available was drawn down September 28, 1956.

In connection with the exchange offer referred to in Note (8), the Company has arranged to borrow upon request up to $15,000,000 from El Paso Natural Gas Company. Loans made pursuant thereto shall be evidenced by the Company's unsecured 5% notes to be subordinated to its other indebtedness and to mature on or before December 31, 1957. At the Company's option the notes may be paid either in cash or in shares of common stock to be issued at the rate of one share for each $1 principal amount of the notes.

(7) Contingent Liability —

The Company has guaranteed the payment of principal and interest on certain bank loans made or to be made prior to October 1, 1957, to Phillips Pacific Chemical Company, an associated company in which Pacific Northwest Pipeline Corporation owns forty-nine per cent of the outstanding stock. The principal amount of such loans on which the Company has guaranteed payment is not to exceed $5,880,000, of which $980,000 was outstanding on August 31, 1956.

(8) Exchange Offer —

Under the terms of an agreement with the Company dated November 8, 1956, El Paso Natural Gas Company proposes to submit to its stockholders for approval an offer of exchange of stock to be made to the holders of common stock of Pacific Northwest Pipeline Corporation as more fully set forth in the accompanying Proxy Statement.

(3043)

AUDITORS' CERTIFICATE

the Board of Directors,
Northwest Production Corporation:

We have examined the balance sheet of Northwest Production Corporation (a Delaware corporation) of September 30, 1956. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet presents fairly the financial position of Northwest Production Corporation as of September 30, 1956, and was prepared in conformity with generally accepted accounting principles.

ARTHUR ANDERSEN & CO.

Houston, Texas
November 2, 1956

NORTHWEST PRODUCTION CORPORATION (NOTE 1)

Balance Sheet — September 30, 1956

ASSETS

Current Assets:		
Cash	$1,971,926	
Accounts receivable	63,048	$ 2,0
Investment in Subsidiary Company, at cost (Note 2)		
Properties, at cost (Notes 3 and 4):		
Productive properties —		
Leasehold costs	$1,273,865	
Wells and equipment	963,804	
Undeveloped oil and gas leases	5,090,311	
Furniture and equipment	67,563	
Construction work in progress	768,530	8,1
		$10,3

LIABILITIES

Current Liabilities:		
Accounts payable —		
Pacific Northwest Pipeline Corporation	$ 150,623	
Others	323,989	$ 4
Capital Stock and Surplus:		
Common stock, par value $1 per share, authorized, 20,000,000 shares, issued and outstanding, 9,655,973 shares (Notes 1 and 3)		9,6
Paid-in surplus —		
Excess over par value of proceeds from sale of common stock	$ 281,197	
Less — Common stock issuance expense	21,735	2
Commitments (Notes 2 and 4)		
		$10,3

(The accompanying notes are an integral part of this balance sheet.)

NORTHWEST PRODUCTION CORPORATION

NOTES TO BALANCE SHEET

September 30, 1956

Proposed mergers and acquisitions—

On November 2, 1956, the Company's Board of Directors conditionally approved a Merger Agreement with Western States Refining Company (Western States), an oil refining and marketing company located in Salt Lake City, Utah, whereby, subject to approval by the stockholders of both companies, Western States would be merged into Northwest Production Corporation (Northwest), surviving corporation. Approval by the Company's Board of Directors was conditioned upon satisfactory disposition of certain certificates covering shares of Western States Refining Company's common stock which have been canceled on that Company's records, but are not in their possession. Pursuant to terms of the agreement, the exchange would be made on the basis of issuing one share of common stock of Northwest together with one warrant to purchase an additional share for $6.00 for each three shares of common stock of Western States outstanding at effective date of the merger. The warrants would become exercisable on or before December 21, 1959, and would not be assignable for a period of one year from the effective date of the merger. As of the effective date, the outstanding and unexercised common stock options issued by Western States to officers, employees and underwriting firms, would be converted into options to purchase common stock of Northwest. The exercise of such option would entitle the owner thereof to a warrant to purchase an additional share of common stock of the surviving corporation for each share of such stock purchased under the option. The warrant could be exercised on or before December 21, 1959, at a price of $6.00 per share.

Pursuant to the terms of the merger agreement and on the bases described above, the outstanding and optioned shares of Western States at the effective date of the merger would be acquired by the issuance by Northwest of shares of common stock and options to purchase common stock in amounts not to exceed a total of 500,000 shares, together with warrants as described above to purchase not in excess of 500,000 additional shares.

Pursuant to terms of the agreement, Western States would retire its outstanding 6% Cumulative First Preferred Stock for $184,810 (36,962 shares at $5.00 par value per share). The Ten Year 6% Sinking Fund Debentures due January 1, 1966, of Western States ($1,050,000 outstanding at September 30, 1956) would be assumed by the surviving corporation under terms of a supplemental indenture to be executed.

In addition a form of exchange agreement has been submitted to the minority stockholders of Four States-Western Oil Refining Company whereby Northwest would issue 22,000 shares of common stock and warrants to purchase an additional 22,000 shares with terms as described above in exchange for 118,100 shares of common stock of that company representing the minority interest (37.6%) therein not owned by Western States, provided that the merger with Western States is consummated.

In addition, the Company's Board of Directors on November 2, 1956 approved the issuance of 100,000 shares of common stock of Northwest to acquire from stockholders of Wyo-Fields Oil & Gas Company all of the outstanding capital stock of that company. Assets of Wyo-Fields consist principally of approximately 240,000 net acres of nonproducing oil and gas leaseholds and royalty interests averaging 2½% in approximately 24,000 additional acres located in the States of Utah, Colorado, Wyoming and Montana.

The Company's Board of Directors on November 2, 1956, also approved the acquisition of Barnhart Hydrocarbon Corporation on the basis of one and one-half shares of common stock (total of 243,000 shares) of Northwest for each of the 162,000 outstanding shares of common stock of Barnhart. Barnhart owns and operates a natural gas processing plant for the extraction of natural gasoline and other liquid hydrocarbons having a capacity of 25 million cubic feet of gas per day.

Investment in subsidiary company—

Northwest Pipeline Corporation, a wholly-owned subsidiary company, was incorporated July 26, 1956, with initial capitalization of $1,000 for the purpose of constructing and operating a 500-mile crude oil and refined products pipeline system extending from Ignacio, Colorado, to Salt Lake City, Utah.

NORTHWEST PRODUCTION CORPORATION

NOTES TO BALANCE SHEET — (Continued)

This line, to be constructed during 1957 with an initial delivery capacity of 20,000 barrels per ... is presently estimated to cost approximately $22,500,000, and substantial commitments have ... made in connection therewith. Arrangements for financing this proposed project have not ... completed.

(3) Organization of the company and acquisition of properties —

The Company was incorporated on May 27, 1955, by Pacific Northwest Pipeline Corpo ...ion (Paci... which owned 6,664,000 shares (69 per cent) of the outstanding stock of the Company at Septem... 30, 1956. Of the stock owned by Pacific, 1,000,000 shares were sold at $1.00 per share, either ... cash or against cancellation of cash advances, and 5,664,000 shares were issued in exchange ... certain oil and gas leases in the San Juan Basin previously acquired by Pacific for $5,664,... Other oil and gas leases have been purchased or acquired by farmouts from other operators. T... Company is presently exploring these properties and at September 30, 1956, had completed ... exploratory wells at an average cost of $68,000 each. Three additional wells in progress ... September 30, 1956, were completed as productive gas wells during October, 1956. In order ... complete the initial exploration program, it will be necessary for the Company to drill from ... to twelve additional wells at an estimated average cost of $100,000 each. As oil and gas ... discovered in commercial quantities, it is necessary for the Company to drill additional wells ... order to develop the oil or gas reserves which are found. The cost of the Company's developm... program will be financed from proceeds of loans to be made on the basis of independent geolog... reports pursuant to terms of a bank credit agreement dated November 1, 1956, under which t... Company may borrow an aggregate amount of $6,000,000, repayable in quarterly installments, w... five years from date of such loan with interest at five per cent.

The Company has executed a twenty-year Gas Sales Agreement with Pacific to sell, subject ... ability to do so, an average daily quantity of 50,000 MCF at an initial price of 12¢ per MCF. ... Pacific has received authorization from the Federal Power Commission on or before July 1, 19... to make certain additional sales, the contract volume shall be increased to 100,000 MCF per d... The Company had no income to September 30, 1956.

(4) Proposed expansion —

Pursuant to terms of a gathering system lease and rental agreement with Pacific Northwest Pipe... Corporation, the Company will construct a gathering system estimated to cost approximat... $4,000,000 as an extension of Pacific's present gathering facilities in New Mexico. A construc... contract has been executed and substantial commitments have been made for the purchase of pi... in connection therewith. When completed, the system will be leased and operated by Pacific ... a period of three years. On or before the expiration of such period, Pacific shall purchase t... system at the Company's depreciated cost at purchase date. This construction shall be financ... from the proceeds of a 4½ per cent loan for $4,000,000 due January 2, 1960, to be drawn down on ... before November 15, 1956, pursuant to terms of a bank loan agreement dated November 1, 19...

(3047)

3047

Annex A

EL PASO NATURAL GAS COMPANY

CERTIFICATE OF AMENDMENT

OF

CERTIFICATE OF INCORPORATION (AS AMENDED)

We, the undersigned, PAUL KAYSER and , the President and an Assistant Secretary, respectively, of EL PASO NATURAL GAS COMPANY, a corporation organized and existing under the laws of the State of Delaware, hereby certify as follows:

FIRST: That Article FOURTH of the Certificate of Incorporation of El Paso Natural Gas Company, as heretofore amended, is further amended as follows:

1. The first paragraph of Article FOURTH is changed to read as follows:

"FOURTH: The total number of shares of all classes of stock which this corporation shall have authority to issue is 21,772,288 shares, of which (a) 1,000,000 shares shall be Preferred Stock, issuable in series, of the par value of $100 per share (hereinafter called the 'Preferred Stock'), (b) 472,288 shares shall be Second Preferred Stock, issuable in series, without par value (hereinafter called the 'Second Preferred Stock') and (c) 20,300,000 shares shall be Common Stock of the par value of $3 per share (hereinafter called the 'Common Stock')."

2. A new paragraph (A) reading as follows is added to subdivision 1 of Division C of Article FOURTH:

"(A) Provided that 5,300,000 shares of said Common Stock shall be designated as Common B Stock until January 1, 1958, and shall not be entitled to participate in any cash dividends paid on the Common Stock during the year 1957 in an aggregate amount up to but not exceeding $2.60 per share (or an appropriate proportional adjusted amount per share in case of any stock split-up, stock dividends, readjustment or reclassification of the Common Stock occurring subsequent to December 20, 1956) but shall be identical with and entitled to all the rights of the Common Stock on a share for share basis in all other respects. As used in Divisions A, B, C and D of this Article FOURTH the term 'Common Stock' shall be deemed to refer both to Common Stock and Common B Stock so long as shares of the latter retain such designation. The foregoing restriction upon the payment of dividends on the Common B Stock shall terminate on January 1, 1958 whereupon such shares shall automatically and without any action by this corporation or the holders of any Common B Stock theretofore issued, become and be Common Stock without such restriction and without such designation and this paragraph (A) of subdivision 1 of Division C shall cease to be a part of the Certificate of Incorporation of this corporation."

SECOND: That simultaneously with the said amendment of Article FOURTH of said Certificate of Incorporation, each of the issued and outstanding shares (including any shares which may then be held in the treasury of this corporation) of Common Stock of the par value of $3 per share of this corporation is changed into two shares of Common Stock of the par value of $3 per share, and in connection therewith there is transferred from this corporation's account entitled "Premium on Common Stock" to its Common Stock capital account an amount equal to the aggregate par value of the additional shares of Common Stock of the par value of $3 per share issued as a result of the said two-for-one change in issued and outstanding shares of Common Stock.

(3048)

3048

THIRD: That the foregoing amendments are to be effective at the close of business on the day on w this Certificate is filed and recorded as required by the General Corporation Law of the State of Delaware

FOURTH: That the foregoing amendments have been duly adopted in accordance with the provisio Section 242 of the General Corporation Law of the State of Delaware.

FIFTH: That the capital of El Paso Natural Gas Company will not be reduced under or by reason o foregoing amendments.

IN WITNESS WHEREOF, the undersigned, said PAUL KAYSER and , have s this Certificate under the seal of said EL PASO NATURAL GAS COMPANY, and have signed the same as the Presi and an Assistant Secretary, respectively, of said EL PASO NATURAL GAS COMPANY, this day of December, 1

President of
El Paso Natural Gas Company

Assistant Secretary of
El Paso Natural Gas Company

STATE OF
} ss.:
COUNTY OF

BE IT REMEMBERED that on this day of December, 1956, personally came before me, a Notary Public in and for the State and County aforesaid, PAUL KAYSER, the President of EL PASO NATU GAS COMPANY, a corporation of the State of Delaware, the corporation named in the foregoing Certificat Amendment made pursuant to Section 242 of the General Corporation Law of the State of Delaware, kno me personally to be such, and, I having first made known to him the contents of said Certificate, he did execute the said Certificate before me and acknowledged that said Certificate is his voluntary act and deed made on behalf of said Corporation; that the facts therein stated are truly set forth; that the signatures of h as said President and of an Assistant Secretary of said Corporation to said Certificate are in the handwritin himself as said President and of an Assistant Secretary of said Corporation, respectively; that the seal affix said Certificate is the common or corporate seal of said Corporation; and that the act of sealing, execu acknowledging and delivering said Certificate was duly authorized by the Board of Directors and stockholde said Corporation.

GIVEN under my hand and seal of office the day and year aforesaid.

Notary Public

2

3817

Hearing Exhibit No. 29

MARKET DATA OF
PACIFIC GAS AND ELECTRIC COMPANY

EL PASO NATURAL GAS COMPANY

RELATIONSHIP OF SOUTHERN CALIFORNIA GAS REQUIREMENTS TO SUPPLY (a)
ANNUAL PEAK DAY
MILLIONS OF CUBIC FEET AT 14.73 P.S.I.A.

	P.G.&E.Co. Avg.Daily Firm Req. Avg.Temp. (1)	P.G.&E.Co. Ratio Peak to Avg.Daily (2)	Annual Peak Day Requirements P.S.G.E.Co. Firm Requirements (3)	P.S.G.E.Co. Interruptible Not Promptly Curtailable(c) (4)	P.S.G.E.Co. Total (5)	Other Companies(d) (6)	Total Northern California (7)	Supply(b) Gross (8)	Operating Tolerance(e) (9)	Net (10)	Relationship of Supply To Requirements Excess (11)	Deficiency (12)
Winter Season												
Historical:												
1949-50	353	3.11	1,097	21	1,118	25	1,143					
1950-51	383	3.07	1,176	22	1,198	25	1,223					
1951-52	427	2.93	1,251	25	1,276	25	1,301					
1952-53	449	2.94	1,319	25	1,344	25	1,369					
1953-54	464	2.94	1,363	25	1,388	25	1,413					
1954-55	493	2.87	1,417	25	1,442	25	1,467					
1955-56	511	2.87	1,465	28	1,493	25	1,518					
1956-57	563	2.94	1,658	32	1,690	25	1,715					
1957-58	586	2.77	1,624	37	1,661	25	1,686					
Forecast:												
1958-59	622	2.95(f)	1,835	44	1,879	25	1,904	2,209	52	2,157	253	
1959-60	650	2.95	1,918	47	1,965	25	1,990	2,331	55	2,276	286	
1960-61	677	2.95	1,997	50	2,047	25	2,072	2,779	66	2,713	641	
1961-62	705	2.95	2,080	53	2,133	25	2,158	2,706	65	2,641	483	
1962-63	734	2.95	2,165	56	2,221	25	2,246	2,642	63	2,579	333	
1963-64	764	2.95	2,254	59	2,313	25	2,338	2,583	61	2,522	184	
1964-65	795	2.95	2,345	62	2,407	25	2,432	2,533	60	2,473	41	
1965-66	827	2.95	2,440	65	2,505	25	2,530	2,492	59	2,433		97

(a) Excludes compressor fuel for Out-of-State gas.
(b) El Paso supply at 961.0 MMcf per day January 1, 1958, increased to 998.4 MMcf per day starting April 1, 1958, increased to 1036.8 MMcf per day starting July 1, 1958, increased to 1138.0 MMcf per day starting November 1, 1959, increased to 1239.1 MMcf per day starting November 1, 1960.
Canadian Supply at 402.5 MMcf per day starting January 1, 1961.
(c) Ten percent of interruptible requirements exclusive of Company use.
(d) Other companies include four oil companies and one chemical company that have their own supply of gas.
(e) 2.5% of supply excluding Standby Mfg. gas.
(f) Approximate average of Col. (2) for historical years.

RELATIONSHIP OF NORTHERN CALIFORNIA NATURAL GAS REQUIREMENTS TO SUPPLY (a)
AVERAGE DAILY
MILLIONS OF CUBIC FEET AT 14.73 P.S.I.A.

	P.G.&E.Co.						Sendout	Curtailment	
	Firm (1)	Interruptible (2)	Total (3)	"Other" Companies(b) (4)	Storage Injection (5)	Total Requirements (6)	or Supply(c) (7)	"Other" Companies(b) (8)	P.G.&E. Co. (9)
Actual:									
1955	540	582	1,122	80	0	1,202	1,161	0	41
1956	560	505	1,065	107	0	1,172	1,147	0	25
1957	561	637	1,198	105	0	1,303	1,270	0	33
Forecast:									
1958	622	781	1,403	116	0	1,519	1,489	0	30
1959	650	831	1,481	115	9	1,605	1,568	0	37
1960	677	898	1,575	116	3	1,694	1,630	0	64
1961	705	1,018	1,723	115	3	1,841	1,791	0	50
1962	734	1,081	1,815	112	5	1,932	1,871	0	61
1963	764	1,149	1,913	111	6	2,030	1,919	0	111
1964	795	1,232	2,027	111	6	2,144	1,966	0	178
1965	827	1,319	2,146	110	4	2,260	2,001	0	259(d)

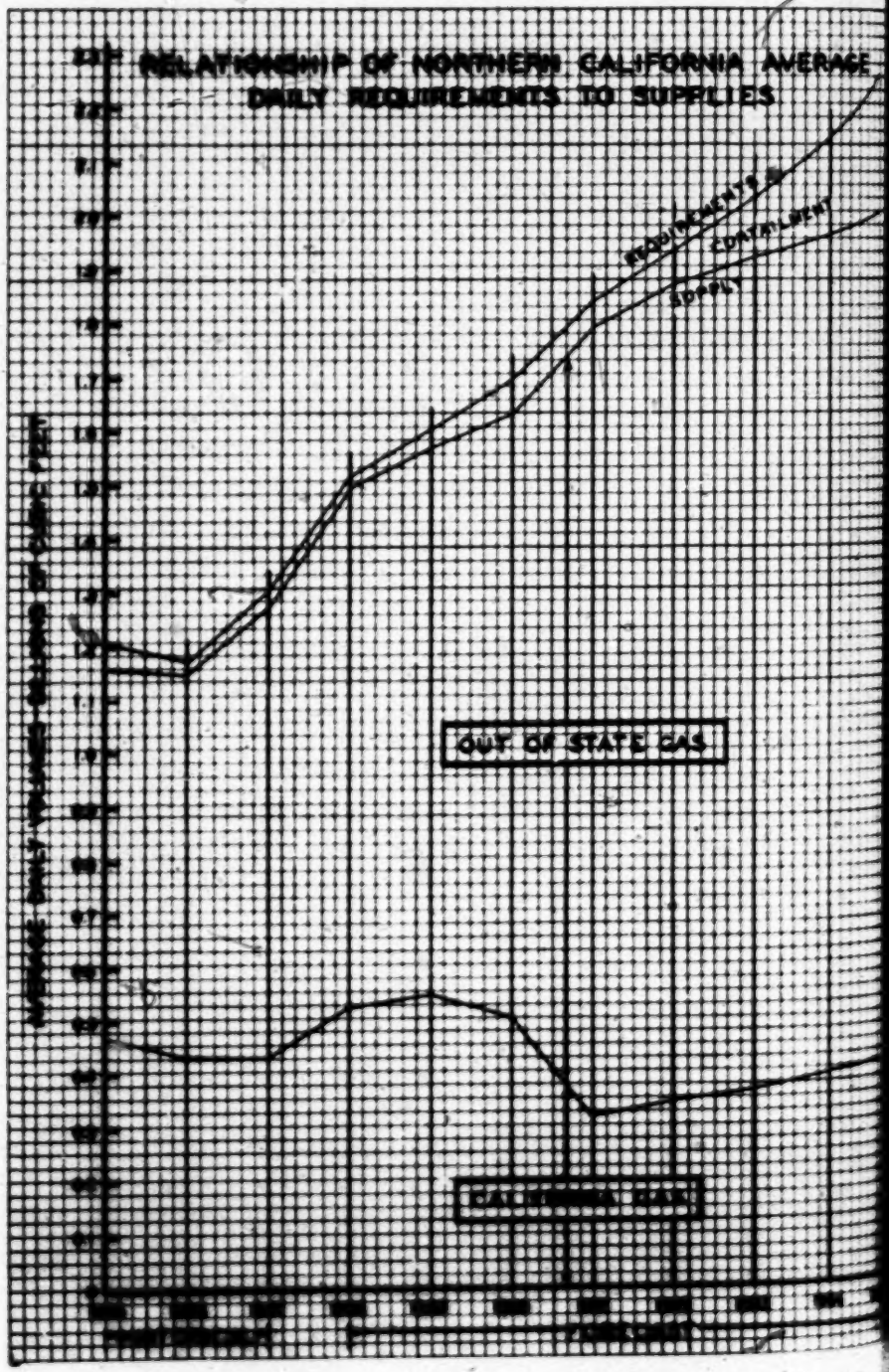
(a) Excludes compressor fuel for Out-of-State gas.
(b) "Other" companies include four oil companies and one chemical company that have their own supply of gas.
(c) El Paso supply at 961.0 MMcf per day January 1, 1958, increased to 998.4 MMcf per day starting April 1, 1958, increased to 1036.8 MMcf per day starting July 1, 1958, increased to 1138.0 MMcf per day starting November 1, 1959, increased to 1239.1 MMcf per day starting November 1, 1960.
Canadian Supply at 402.5 MMcf per day starting January 1, 1961
(d) Includes firm deficiency of 3 MMcf annually or 0.008 MMcf average daily.

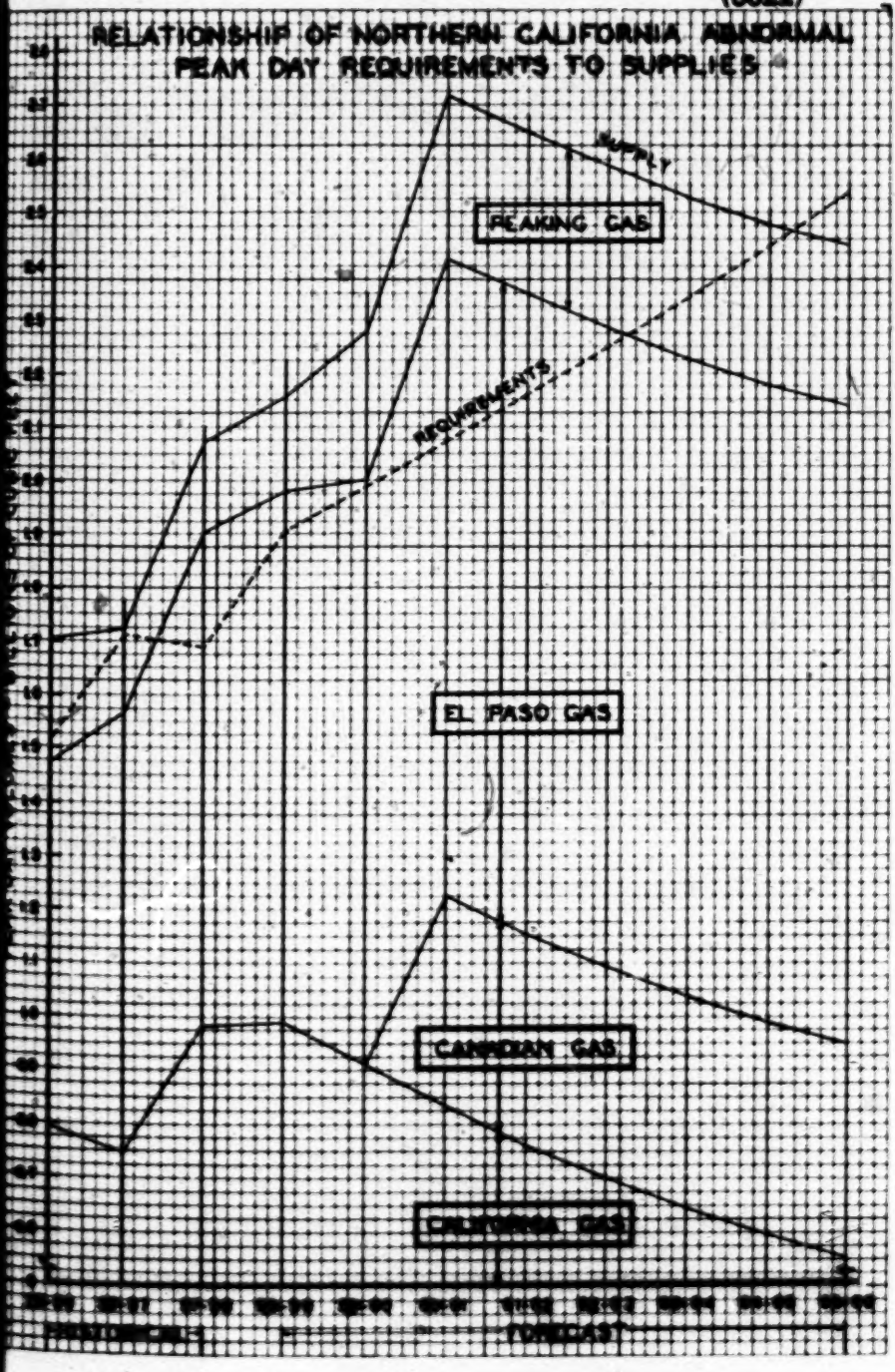
PACIFIC GAS AND ELECTRIC COMPANY
SUMMARY OF ANNUAL NATURAL GAS REQUIREMENTS (a)
MILLIONS OF CUBIC FEET AT 14.73 P.S.I.A.

Class of Service	Actual 1955	1956	1957	Forecast 1958	1959	1960	1961	1962	1963	1964	1965
FIRM REQUIREMENTS											
1. General Service	168,020	168,341	171,508	189,757	198,272	206,984	215,902	225,051	234,592	244,477	254,605
2. Firm Industrial	14,363	14,320	14,131	15,572	15,849	16,081	16,320	16,563	16,806	17,056	17,302
3. Sub-Total	182,383	182,661	185,639	205,329	214,121	223,065	232,222	241,614	251,398	261,533	271,907
4. Resale	3,148	3,433	3,836	4,972	5,445	5,911	6,315	6,698	7,071	7,417	7,758
5. Firm Interdepartmental	133	144	323	217	226	235	244	253	263	273	282
6. Compressors, Dehydrators & Miscellaneous(a)	216	197	164	184	191	191	191	191	191	191	191
7. Unaccounted for	11,504	18,585	14,633	16,426	17,130	17,845	18,578	19,329	20,112	20,923	21,753
8. Total Firm Requirements	197,384	205,020	204,595	227,128	237,113	247,247	257,550	268,085	279,035	290,337	301,891
9. Average Daily Firm Requirements	540	560	561	622	650	677	705	734	764	795	827
INTERRUPTIBLE REQUIREMENTS											
Industrial:											
10. Sales	101,600	116,511	132,582								
11. Curtailments	769	1,227	2,890								
12. Requirements	102,369	117,738	135,472	160,419	172,878	184,202	194,225	204,254	215,285	227,320	240,350
Company Uses:											
Steam Electric Plants											
13. Uses	94,186	57,836	86,614								
14. Curtailments	14,274	7,994	9,235								
15. Requirements	108,460	65,830	95,849	123,252	129,260	142,079	175,874	188,981	202,519	220,859	239,536
Steam Heat Plants											
16. Uses	997	988	909								
17. Curtailments	0	0	18								
18. Requirements	997	988	927	1,000	1,015	1,025	1,035	1,045	1,055	1,065	1,075
Gas Plants											
19. Uses	502	374	328								
20. Curtailments	0	0	7								
21. Requirements	502	374	335	350	350	350	350	350	350	350	350
22. Total Interruptible Requirements	212,328	184,930	232,583	285,021	303,503	327,656	371,484	394,630	419,209	449,594	481,311
23. Average Daily Interruptible Requirements	582	505	637	781	831	898	1,018	1,081	1,149	1,232	1,319
24. Total Requirements	409,712	389,950	437,178	512,149	540,616	574,903	629,034	662,715	698,244	739,931	783,202
25. Average Daily Requirements	1,122	1,065	1,198	1,403	1,481	1,575	1,723	1,815	1,913	2,027	2,146

(a) Excludes compressor fuel for out-of-state gas and gas injected into underground storage.

(3821)


RELATIONSHIP OF NORTHERN CALIFORNIA AVERAGE DAILY REQUIREMENTS TO SUPPLIES
REQUIREMENTS
CONTINGENT
SUPPLY
OUT OF STATE GAS


RELATIONSHIP OF NORTHERN CALIFORNIA ABNORMAL PEAK DAY REQUIREMENTS TO SUPPLIES
SUPPLY
PEAKING GAS
REQUIREMENTS
EL PASO GAS
CANADIAN GAS
CALIFORNIA GAS
FORECAST

PACIFIC GAS AND ELECTRIC COMPANY

SUMMARY OF ANNUAL AVERAGE NATURAL GAS CUSTOMERS

(3823)

	General Service (1)	Firm Industrial (2)	Total G.S. & F.I. (3)	Resale (4)	Total Firm (5)	Interruptible (6)	Total Customers (7)
Actual:							
1955	1,361,904	1,652	1,363,556	4	1,363,560	1,161	1,364,721
1956	1,428,689	1,718	1,430,407	4	1,430,411	1,207	1,431,618
1957	1,483,420	1,790	1,485,210	4	1,485,214	1,245	1,486,459
Forecast:							
1958	1,543,152	1,848	1,545,000	4	1,545,004	1,302	1,546,306
1959	1,601,092	1,908	1,603,000	4	1,603,004	1,350	1,604,354
1960	1,660,032	1,968	1,662,000	4	1,662,004	1,398	1,663,402
1961	1,719,972	2,028	1,722,000	4	1,722,004	1,446	1,723,450
1962	1,780,912	2,088	1,783,000	4	1,783,004	1,496	1,784,500
1963	1,843,852	2,148	1,846,000	4	1,846,004	1,546	1,847,550
1964	1,908,792	2,208	1,911,000	4	1,911,004	1,596	1,912,600
1965	1,974,732	2,268	1,977,000	4	1,977,004	1,646	1,978,650

PACIFIC GAS AND ELECTRIC COMPANY

SUMMARY OF ANNUAL AVERAGE NATURAL GAS CUSTOMERS

	General Service (1)	Firm Industrial (2)	Total G.S. & F.I. (3)	Resale (4)	Total Firm (5)	Interruptible (6)	Total Customers (7)
Actual:							
1955	1,361,904	1,652	1,363,556	4	1,363,560	1,161	1,364,721
1956	1,428,689	1,718	1,430,407	4	1,430,411	1,207	1,431,618
1957	1,483,420	1,790	1,485,210	4	1,485,214	1,245	1,486,459
Forecast:							
1958	1,543,152	1,848	1,545,000	4	1,545,004	1,302	1,546,306
1959	1,601,092	1,908	1,603,000	4	1,603,004	1,350	1,604,354
1960	1,660,032	1,968	1,662,000	4	1,662,004	1,398	1,663,402
1961	1,719,972	2,028	1,722,000	4	1,722,004	1,446	1,723,450
1962	1,780,912	2,088	1,783,000	4	1,783,004	1,496	1,784,500
1963	1,843,852	2,148	1,846,000	4	1,846,004	1,546	1,847,550
1964	1,908,792	2,208	1,911,000	4	1,911,004	1,596	1,912,600
1965	1,974,732	2,268	1,977,000	4	1,977,004	1,646	1,978,650

PACIFIC GAS AND ELECTRIC COMPANY

NATURAL GAS RESALE CUSTOMERS

Customer Companies:

California-Pacific Utilities Company
405 Montgomery Street
San Francisco 4, California
Delivery point: At P.G. & E. Co. Topock compressor station.

Southwest Gas Corporation Ltd.
552 S. Figueroa Street
Los Angeles, California
Delivery points:
(a) For Victorville area, from Topock-Milpitas pipeline north of Victorville, and
(b) For Barstow area, from Topock-Milpitas pipeline south of Barstow, and
(c) For Lucerne Valley area, from Lucerne Valley Tap at Rabbit Springs, and
(d) For Daggett and Yermo areas, from Topock-Milpitas pipeline north of Daggett, and
(e) For Hinkley area, from Topock-Milpitas pipeline south of Hinkley.

Municipalities:

City of Palo Alto
Palo Alto, California
Delivery points: At two points within the city limits of Palo Alto.

City of Coalinga
Coalinga, California
Delivery point: At city limits on Derrick Blvd.

PACIFIC GAS AND ELECTRIC COMPANY
NATURAL GAS RESALE ACCOUNTS
SUMMARY OF YEAR END RETAIL CUSTOMERS

		Actual			Forecast							
		1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
California-Pacific Utilities Co.												
1	Residential	937	966	968	993	1,013	1,028	1,038	1,048	1,058	1,068	1,078
2	Commercial	104	116	128	133	138	141	145	150	153	156	159
3	Interruptible	1	1	1	1	1	1	1	1	1	1	1
4	Total	1,042	1,083	1,097	1,127	1,152	1,170	1,184	1,199	1,212	1,225	1,238
Southwest Gas Corp.												
5	Residential & Commercial	5,624	6,975	8,262	10,116	11,691	13,216	14,538	15,992	17,591	19,350	21,285
6	Interruptible	7	6	7	10	12	15	15	15	15	15	15
7	Total	5,631	6,981	8,269	10,126	11,703	13,231	14,553	16,007	17,606	19,365	21,300
Palo Alto												
8	Residential & Commercial	14,690	15,554	17,011	17,511	18,011	18,511	19,011	19,511	20,011	20,511	21,011
Coalinga												
9	Residential & Commercial	1,985	1,995	2,000	2,010	2,020	2,030	2,040	2,050	2,060	2,070	2,080

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PACIFIC GAS AND ELECTRIC COMPANY
NATURAL GAS REQUIREMENTS, CURTAILMENTS AND USES(a)
INTERRUPTIBLE INDUSTRIAL CUSTOMERS, STEAM ELECTRIC PLANTS, STEAM HEAT PLANTS, AND GAS PLANTS
MILLIONS OF CUBIC FEET AT 14.73 P.S.I.A.

		Actual			Forecast							
		1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
Interruptible Industrial												
1	Requirements	102,369	117,738	135,472	160,419	172,878	184,202	194,225	204,254	215,285	227,320	240,358
2	Curtailments	769	1,227	2,890	1,139	1,434	1,973	258	700	2,124	5,543	7,182
3	Uses	101,600	116,511	132,582	159,280	171,444	182,229	193,967	203,554	213,161	221,777	233,176
Steam Electric Plants												
4	Requirements	108,460	65,030	95,849	123,252	129,260	142,079	175,874	188,981	202,519	220,859	239,236
5	Curtailments	14,274	7,994	9,235	9,960	12,216	21,165	18,010	21,756	38,330	59,236	85,119
6	Uses	94,186	57,036	86,614	113,292	117,044	120,914	157,864	167,225	164,189	161,623	154,117
Steam Heat Plants												
7	Requirements	997	988	927	1,000	1,015	1,025	1,035	1,045	1,055	1,065	1,075
8	Curtailments	0	0	18	10	11	15	2	5	14	34	52
9	Uses	997	988	909	990	1,004	1,010	1,033	1,040	1,041	1,031	1,023
Gas Plants												
10	Requirements	502	374	335	350	350	350	350	350	350	350	350
11	Curtailments	0	0	7	5	6	8	1	1	8	19	27
12	Uses	502	374	328	345	344	342	349	349	342	331	323
Total Interruptible												
13	Requirements	212,328	184,930	232,583	285,021	303,503	327,656	371,484	394,630	419,209	449,594	481,311
14	Curtailments	15,043	9,221	12,150	11,114	13,667	23,161	18,271	22,462	40,476	64,832	92,380
15	Uses	197,285	175,709	220,433	273,907	289,836	304,495	353,213	372,167	378,733	384,762	388,931

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(a) El Paso supply at 961.0 MMcf per day January 1, 1958, increased to 998.4 MMcf per day starting April 1, 1958, increased to 1036.8 MMcf per day starting July 1, 1958, increased to 1138.0 MMcf per day starting November 1, 1959, increased to 1239.1 MMcf per day starting November 1, 1960.
Canadian supply at 402.5 MMcf per day starting January 1, 1961

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PACIFIC GAS AND ELECTRIC COMPANY
ANNUAL NATURAL GAS REQUIREMENTS AND SENDOUT (a)
MILLIONS OF CUBIC FEET AT 14.73 P.S.I.A.

	Actual			Forecast							
	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
1. Total Requirements (Line 24, page 1)	409,712	389,950	437,178	512,149	540,616	574,903	629,034	662,715	698,244	739,931	783,202
2. U.G. Storage Injection	0	0	0	0	3,324	1,044	1,072	1,862	2,078	2,015	1,433
3. Compressor Fuel - Out-of-State	3,322	3,656	4,328	4,662	5,137	5,619	5,649	5,915	6,152	6,366	6,496
4. Total Requirements	413,034	393,606	441,506	516,811	549,077	581,566	635,755	670,492	706,474	748,312	791,131
5. Firm Deficiency	0	0	0	0	0	0	0	0	0	0	3
6. Curtailment	15,043	9,221	12,150	11,114	13,667	23,161	18,271	22,462	40,476	64,832	94,380
7. Sendout	397,991	384,385	429,356	505,697	535,410	558,405	617,484	648,030	665,998	683,480	696,748

(a) El Paso supply at 961.0 MMcf per day January 1, 1958, increased to 998.4 MMcf per day starting April 1, 1958, increased to 1036.8 MMcf per day starting July 1, 1958, increased to 1138.0 MMcf per day starting November 1, 1959, increased to 1239.1 MMcf per day starting November 1, 1960.
Canadian supply at 402.5 MMcf per day starting January 1, 1961.

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3828

EXPLANATION OF BASIC FACTORS & METHODS USED IN ESTIMATING FUTURE REQUIREMENTS

General

The purpose of this exhibit is to summarize the market for natural gas in the service area of the Pacific Gas and Electric Company and to relate that market to the available gas supplies. Within its service area, Northern and Central California, Pacific supplies natural gas to firm and interruptible customers as well as to its own steam-electric, steam heat plants, and gas plants.

The estimates for the years 1958 through 1965 inclusive were prepared by classes of service as shown on Page 1 of this exhibit. All estimates were prepared on a monthly basis although only annual results are shown. The volumes are on a 14.73 P.S.I.A. pressure base and the heating values were based on recent historical data. The estimated average heating value is approximately 1070 Btu per cubic foot.

Basic Assumptions

In preparing the estimates, the following basic assumptions were made:

1. The post-war trend of business growth will continue throughout the forecast period. The present recession will not appreciably affect this long-term trend.

2. There will be no major war involving the United States of America.

3. The population of the Pacific Gas and Electric Company service area will continue to expand at approximately the same rate as has been experienced in the post-war period.

(3829)

4. Normal temperature will be experienced.

5. Average water year will be experienced.

6. The ratio of abnormal peak-day to average daily requirements will be 2.95 which is equivalent to an annual load factor of 33.9%.

3829

Methods Used in Estimating Requirements

General Service requirements were based on historical trend graphs of customers and temperature-adjusted use per customer. The aggregate was carried to page 1, line 1.

Firm Industrial requirements were estimated in two parts. Loads of certain large customers were estimated individually based on information obtained from the customer. Requirements of the balance of this class were estimated by extrapolation of a trend graph. The aggregate of these results was carried to page 1, line 2.

Resale requirements for each of the Company's four customers presently served; City of Palo Alto, Southwest Gas Corporation, California-Pacific Utilities Company, and City of Coalinga were estimated separately. With the exception of Southwest Gas, the estimate for each of these customers was obtained by trending past sales, giving consideration to known and anticipated activity and growth in the area served. The Southwest estimate was prepared by that Company; the firm portion was included with the other resale customers on page 1, line 4 and the interruptible portion was included with the Interruptible Industrial customer requirements on page 1, line 12.

Firm Interdepartmental requirements were based on historical data and are shown on page 1, line 5.

Compressor fuel, *Dehydrator* uses, and *Miscellaneous* Gas Department uses, (excluding quantities used to com-

press Out-of-State gas and for underground storage injection) were based on historical data and are shown on page 1, line 6.

Unaccounted for was estimated to bear the same relationship to General Service and Firm Industrial sales as in the past. The estimates are shown on page 1, line 7.

3830

Interruptible Industrial requirements were forecast in three parts for the year 1958. A basic load, excluding large customers, was estimated by extrapolation of trends developed from past actual sales plus curtailments. To these basic requirements were added the separately estimated requirements of the large industrial customers presently served. The interruptible requirements of Southwest Gas Corporation previously mentioned were then added to develop the total estimated interruptible industrial requirements. For the years following 1958 the sum of the first two items was trended. The final estimates of interruptible industrial requirements are shown on page 1, line 12.

Steam Electric Plant requirements were developed from an estimate of Electric System Area Load for each of the forecast years. From the total electric energy requirements was deducted the amount to be provided by Pacific's hydro-electric generating plants and by purchases. The balance is the amount to be generated in the Company's steam electric plants. The amount of fuel necessary to generate this energy was developed by plants for the year 1958. Gas requirements at the plants, in equivalent barrels, were calculated by deducting from the total fuel demand the basic quantities of oil and residual fuel that must be burned at certain plants. For the years 1959 through 1965, the total fuel requirements were calculated using factors developed from the 1958 estimate relating

fuel demand to steam electric plant generation, again giving consideration to minima of other than gas fuels on a system-wide basis. Net gas requirements in equivalent barrels were converted to cubic feet. A summary of the estimates of steam electric plant gas requirements is shown on page 1, line 15.

3831

Steam Heat Plant requirements were estimated at approximately the historical rate and adjusted to include the requirements created by anticipated new large steam heat loads. The estimates are shown on page 1, line 18.

Gas Plant requirements were forecast on the basis of historical data and expected future operations. The estimates are shown on page 1, line 21.

Market Surveys. Pacific Gas and Electric Company has made no general market surveys.

4436

Hearing Exhibit No. 83

(Filed with Exrs. Certification dated Nov. 20, 1959)

PACIFIC LIGHTING GAS SUPPLY COMPANY
SOUTHERN CALIFORNIA GAS COMPANY
SOUTHERN COUNTIES GAS COMPANY OF CALIFORNIA

MARKET DATA

Exhibit 1—Market Data

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EXHIBIT I

INTRODUCTION

The data set forth in these sections demonstrate that the Southern California Gas Company and Southern Counties Gas Company of California (distribution companies) and Pacific Lighting Gas Supply Company (supply company) and their customers in Southern California comprise a market which will require additional natural gas from out-of-state sources in substantial amounts in the near future. These companies have entered into letters of intent with El Paso Natural Gas Company and Transwestern Pipeline Company as follows:

1. Southern California Gas Company and Southern Counties Gas Company of California have entered into a letter of intent with El Paso Natural Gas Company dated July 30, 1958, which provides that El Paso shall supply the California Companies with additional gas totaling 556.3 MMcfd: 202.3 MMcfd to be delivered by January 1, 1960, an additional 101.2 MMcfd by January 1, 1961, a further additional 101.1 MMcfd by January 1, 1962, and the balance of 151.7 MMcfd by January 1, 1964.

In addition to the amounts shown above, this letter provides for the delivery of "best efforts" gas amounting to 17-½% of each addition shown above excepting the balance of 151.7 MMcfd.

The data shown in the following tables reflect the receipt of only the first 404.6 MMcfd plus related "best efforts" included in the above letter of intent.

2. Pacific Lighting Gas Supply Company has entered into a letter dated February 7, 1958 and amended July 2 and July 18, 1958 with Transwestern Pipeline Company for 350 million cubic feet per day of additional out-of-state gas supply, of which 300 million cubic feet per day is to be delivered by November 1, 1959 and the balance no later than November 1, 1963.

Pacific Lighting Gas Supply Company owns and operates natural gas transmission pipeline facilities within the State of California. The supply of gas to be secured from Transwestern Pipeline Company, as well as gas from California sources, will be sold exclusively to Southern California Gas Company and Southern Counties Gas Company of California for distribution by them in Southern California through their pipeline facilities.

To show the extent of the market for gas pertinent data are presented herein in respect to the number of gas cus-

tomers in Southern California, the actual and forecast gas requirements of those customers, a brief description of how the forecasts were made and statements on the franchise rights, distribution facilities and market surveys of the companies serving this market. The geographical extent of the Southern California market for natural gas is shown on the map following this page.

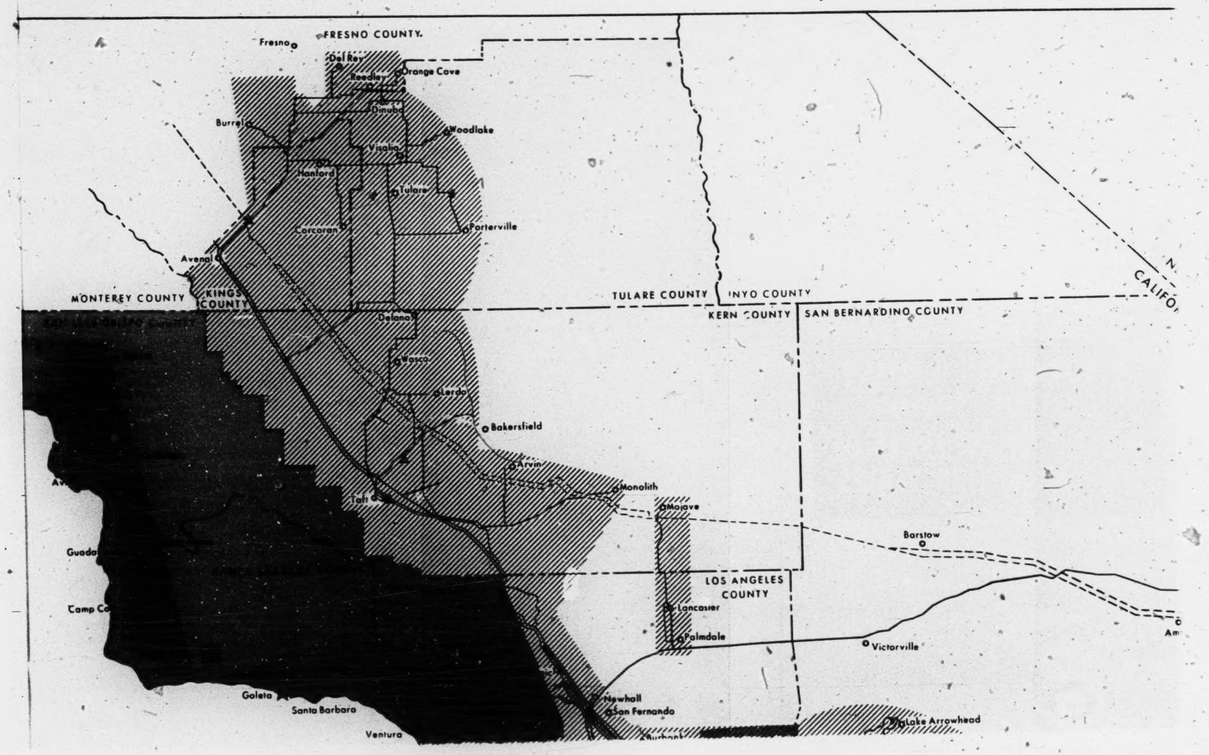
Exhibit I
Section (i)

NATURAL GAS CUSTOMERS

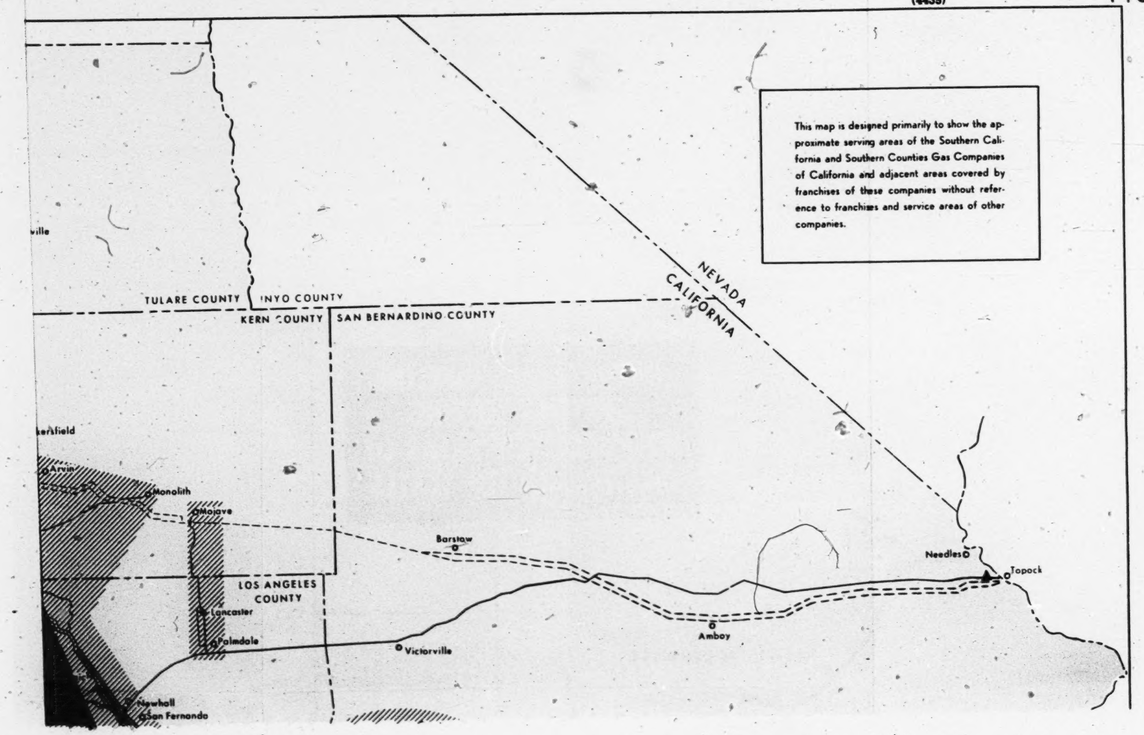
Summary of Number of Active Meters
By Classes of Service
As of December 31, 1957
(Thousands)

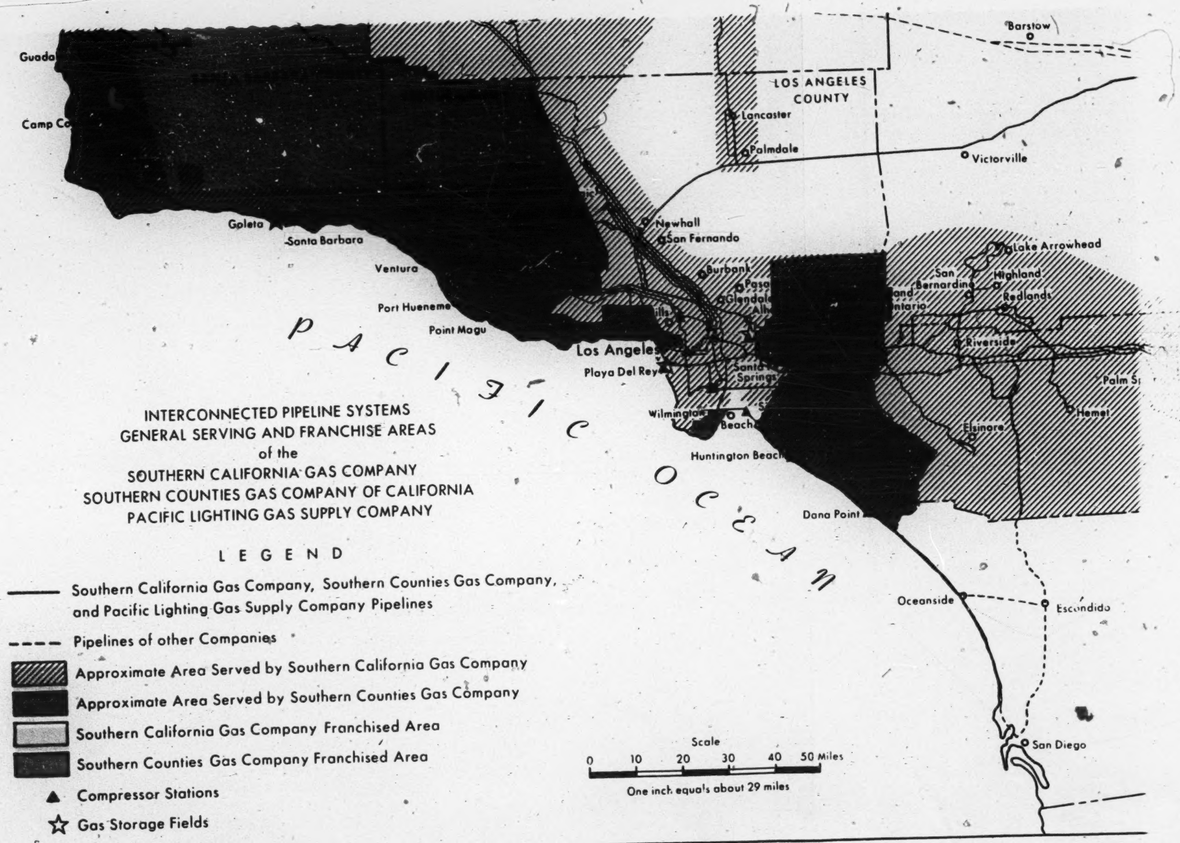
Class of Service	Southern Calif. Gas Co.	Southern Counties Gas Co.	Pacific Ltg.Gas Sup.Co.	San Diego G & E Co.	City of Long Beach Municipal Gas Dept.	Total
Firm Service (Residential, Commercial and Firm Industrial)*	1,614.7	638.1	0.0	219.6	104.9	2,577.3
Gas Engine	0.9	0.3	0.0	0.0	0.0	1.2
Interruptible Industrial Including Steam Electric	0.9	0.4	0.0	0.1	0.1	1.5
Other (Wholesale, Exchange, Substitution and Standby)	0.1	**	0.1	0.0	0.0	0.2
TOTAL	1,616.6	638.8	0.1	219.7	105.0	2,580.2

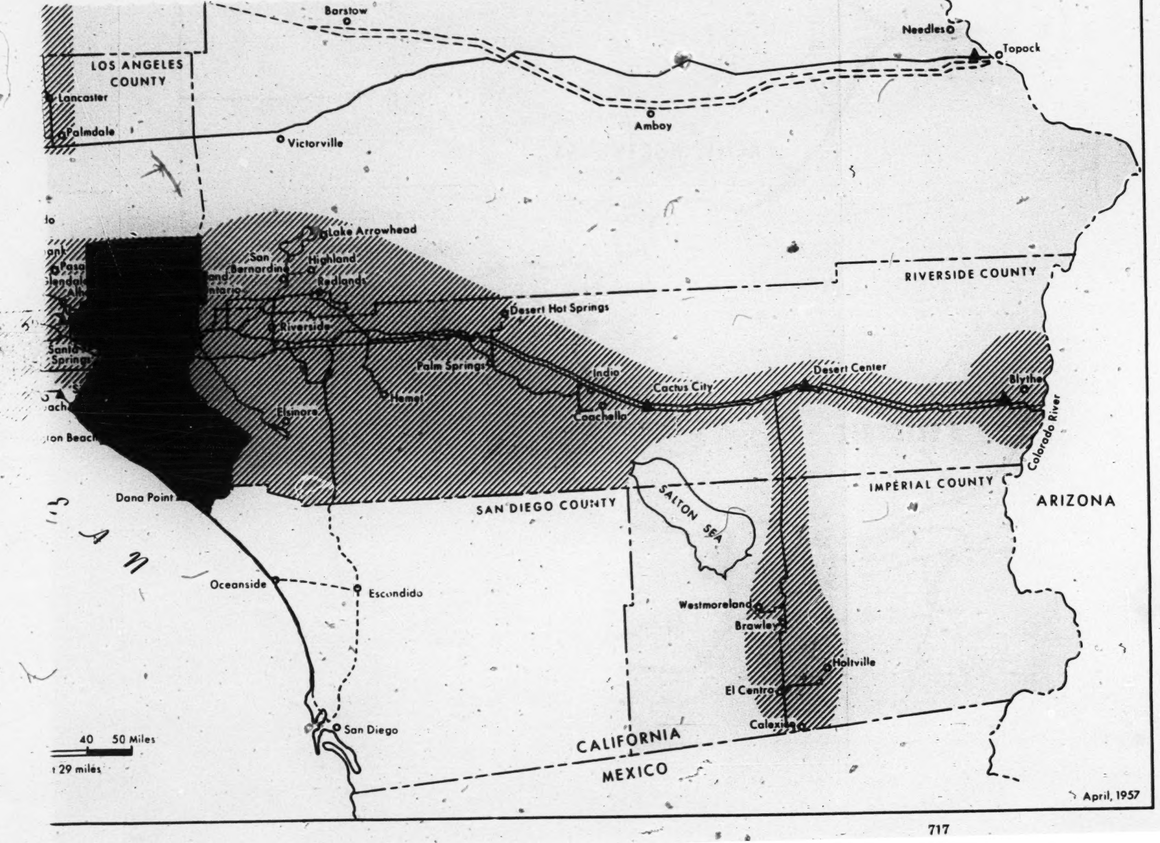
* Space heating not metered separately.
** Less than 50 meters.

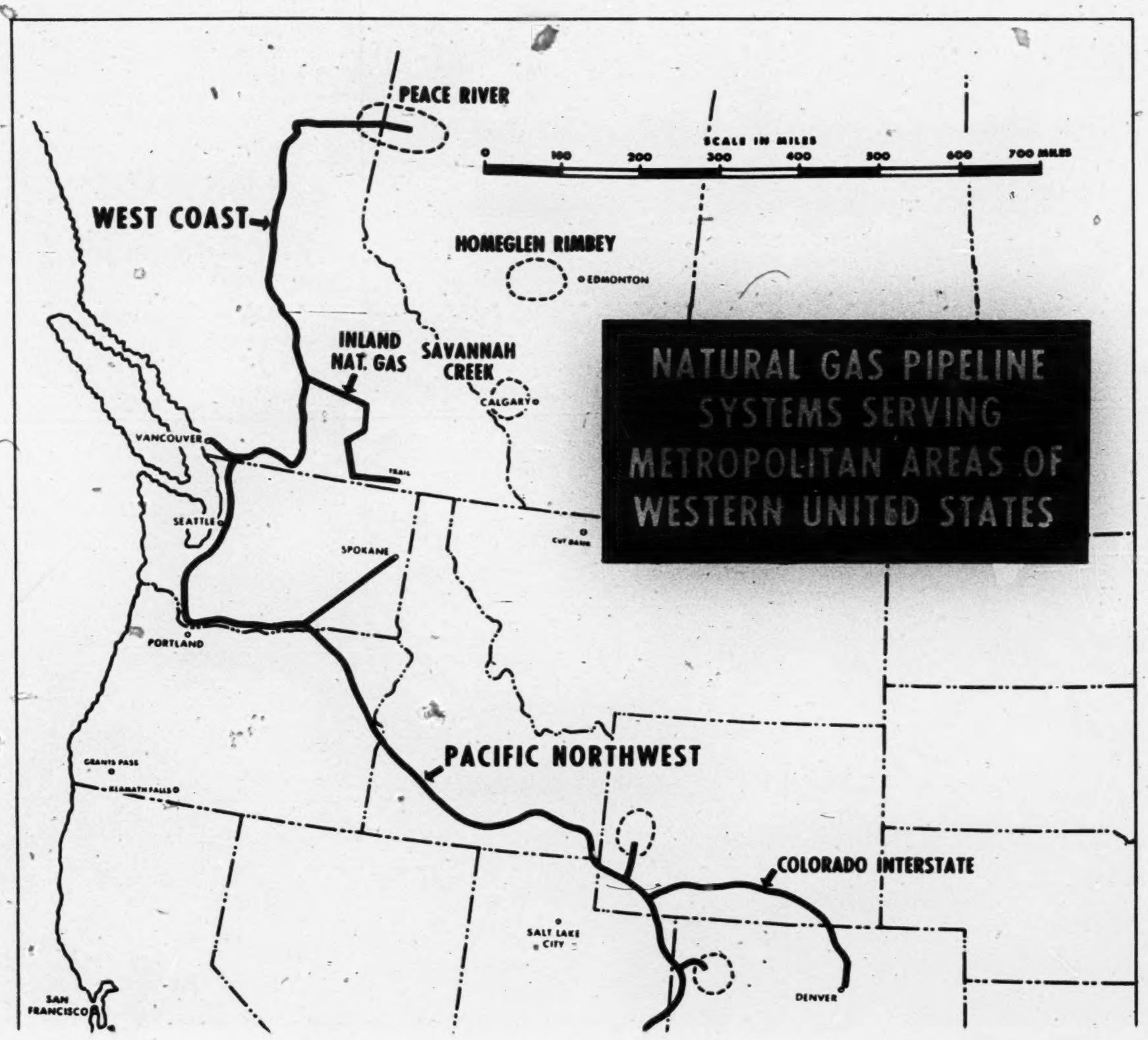


This map is designed primarily to show the approximate serving areas of the Southern California and Southern Counties Gas Companies of California and adjacent areas covered by franchises of these companies without reference to franchises and service areas of other companies.








PEACE RIVER
SCALE IN MILES
0 100 200 300 400 500 600 700 MILES
WEST COAST
HOMEGLEN RIMBEY
EDMONTON
INLAND NAT. GAS
SAVANNAH CREEK
CALGARY
VANCOUVER
TRAIL
SEATTLE
SPOKANE
CUT BANK
PORTLAND
GRANTS PASS
KLAMATH FALLS
PACIFIC NORTHWEST
COLORADO INTERSTATE
SALT LAKE CITY
DENVER
SAN FRANCISCO
NATURAL GAS PIPELINE SYSTEMS SERVING METROPOLITAN AREAS OF WESTERN UNITED STATES

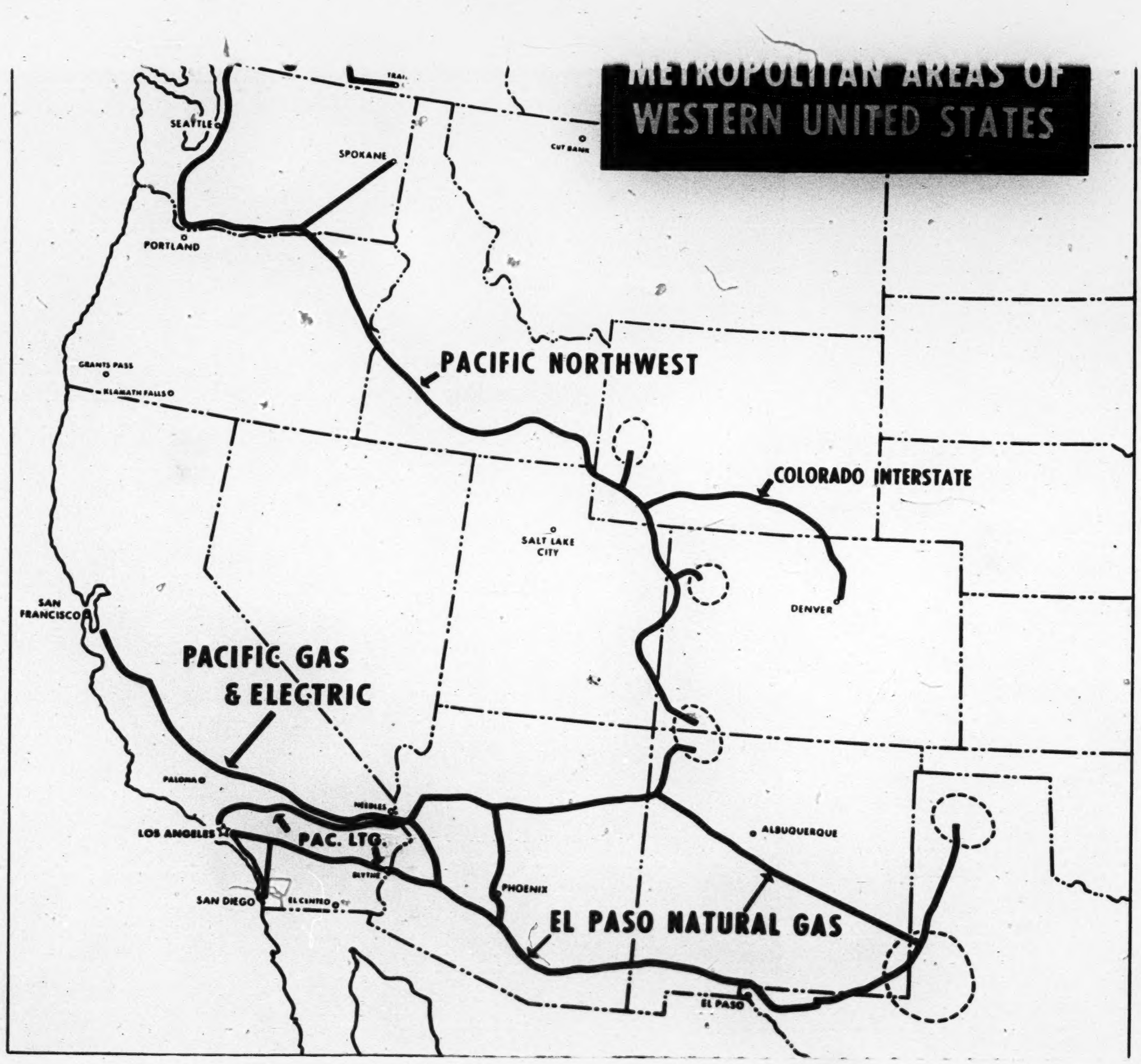

METROPOLITAN AREAS OF WESTERN UNITED STATES
SEATTLE
SPOKANE
CUT BANK
PORTLAND
GRANTS PASS
KLAMATH FALLS
PACIFIC NORTHWEST
COLORADO INTERSTATE
SALT LAKE CITY
DENVER
SAN FRANCISCO
PACIFIC GAS & ELECTRIC
PALOMA
NEEDLES
LOS ANGELES
PAC. LTD.
BLYTHE
SAN DIEGO
EL CENTRO
PHOENIX
ALBUQUERQUE
EL PASO NATURAL GAS
EL PASO

Exhibit I
Sections (ii)
and (iii)

GAS REQUIREMENTS AND CURTAILMENT

The following three tables contain summaries of actual and forecast gas supply, requirements, curtailment and sendout for three actual and ten forecast years, 1955 to 1967, both excluding and including the proposed out-of-state supply increments which are assumed to be received on the dates indicated in the July 30 and July 2 letters of intent, namely, 202.3 MMcfd on January 1, 1960, 101.2 MMcfd on January 1, 1961, and 101.1 MMcfd on January 1, 1962, from El Paso Natural Gas Company plus related "best efforts" volumes and 300.0 MMcfd on November 1, 1959, to be increased to 350.0 MMcfd on November 1, 1963, from Transwestern Pipeline Company. Further detail in respect to gas supply by sources is shown under the separate heading, GAS SUPPLY (Tab B). Estimated market requirements for gas shown in the tables are for peak day, cold year and normal year temperature conditions. All three tables assume approval of the Edison-El Paso exchange arrangement under F.P.C. Docket No. 12580 and C.P.U.C. Application No. 38575.

Table I, the first of the three tables, is a summary of actual and forecast peak day supply, requirements, curtailment and sendout for the three companies, Southern California Gas Company, Southern Counties Gas Company of California and Pacific Lighting Gas Supply Company, for the actual winter seasons 1954-55 through 1957-58 and for the estimated future winter seasons 1958-59 through 1967-68. The forecast peak days are on the basis of a mean temperature of 36° F. Under peak day conditions, curtailment of firm customers is first indicated in the winter of 1961-62 without the increments, or 1966-67 including the increments, as shown in lines 16 and 17, respectively.

Table II is a summary of annual actual and forecast cold year supply, requirements, curtailment and sendout for the three companies, Southern California Gas Company, Southern Counties Gas Company of California and Pacific Lighting Gas Supply Company, for the years 1955 through 1967. The forecast years shown in Table II are on the basis of cold year temperatures equivalent to 2,342 degree days. Lines 15 and 16 indicate that under such conditions curtailment of firm customers would occur in 1961 without the increments, but if the increments were secured, curtailments would be postponed beyond 1967.

Exhibit I
Sections (ii)
and (iii)

GAS REQUIREMENTS AND CURTAILMENT
(Continued)

Table III is similar to Table II, except that estimated years 1958 through 1967 are on a normal temperature year basis; i.e., a year with 2,800 degree days. Table III indicates that unless additional gas is secured, curtailment of interruptible service over the next ten years will average 63% or only 37% satisfaction of the interruptible market (line 18 v. line 16), while the receipt of the proposed out-of-state increments would make it possible to satisfy with gas 82% of the interruptible demand (Table III line 20 v. line 17).

TABLE I
PACIFIC LIGHTING GAS SUPPLY COMPANY
SOUTHERN CALIFORNIA GAS COMPANY
SOUTHERN COUNTIES GAS COMPANY OF CALIFORNIA

SUMMARY OF PEAK DAY ACTUAL AND ESTIMATED SUPPLY, REQUIREMENTS, CURTAILMENT AND SENDOUT

Excluding and Including Proposed Out-of-State Increments of:
(1) 237.7 MMcfd on January 1, 1960, 118.9 on January 1, 1961 and
118.8 MMcfd on January 1, 1962 from El Paso Natural Gas Company
(2) Contract Demand Quantity of 300 MMcfd Beginning November 1, 1959, Increasing to 350 MMcfd
on November 1, 1963 from Transwestern Pipeline Company

14.73 psia - 60° F.

	Actual MMcfd				Estimated MMcfd							
	1954-55	1955-56	1956-57	1957-58	1958-59	1959-60	1960-61	1961-62	1962-63	1963-64	1964-65	1965-66
SUPPLY												
California Sources	607	751	743	768	859	718	582	554	532	512	490	470
Out-of-State, Including Additional Under Dockets G-11797 and G-12580	715	811	842	1,002	1,143	1,143	1,143	1,143	1,143	1,143	1,143	1,143
Storage Withdrawal	460	298	420	413	993	1,033	1,072	1,080	1,120	1,159	1,201	1,217
TOTAL EXCLUDING INCREMENTS	1,782	1,860	2,005	2,183	2,995	2,894	2,797	2,777	2,795	2,814	2,834	2,830
Adjustment to above storage withdrawal due to proposed increments	0	0	0	0	0	19	(29)	(1[illegible])	(148)	(139)	(179)	(204)
Proposed Out-of-State Increment from El Paso Natural Gas Company	0	0	0	0	0	238	357	475	475	475	475	475
Proposed Out-of-State Increment from Transwestern Pipeline Company	0	0	0	0	0	345	345	345	345	402	402	402
TOTAL AVAILABLE INCLUDING INCREMENTS	1,782	1,860	2,005	2,183	2,995	3,496	3,470	3,488	3,467	3,552	3,532	3,503
Possibly Available	0	38	38	135	124	226	403	376	366	348	412	400
FIRM SERVICE												
Storage Injection	0	5	0	0	0	0	0	0	0	0	0	0
Other Requirements	1,329	1,457	1,922	1,477	2,476	2,620	2,765	2,833	2,982	3,131	3,288	3,444
TOTAL REQUIREMENTS	1,329	1,462	1,922	1,477	2,476	2,620	2,765	2,833	2,982	3,131	3,288	3,444
Transfer from Interruptible to Firm due to proposed increments	0	0	0	0	0	0	0	80	80	80	80	0
Excess S.D.G.&E. Potential above Contract (Included in Line 11)	0	0	0	0	22	32	42	53	63	73	84	94
Excess Long Beach Municipal Gas Department Potential above Contract (Included in Line 11)	0	0	0	0	1	12	17	20	23	24	26	29
Curtailment Excluding Increments	0	0	0	0	0	0	0	56	187	318	455	615
Curtailment Including Increments	0	0	0	0	0	0	0	0	0	0	0	0
INTERRUPTIBLE SERVICE												
Requirements	836	976	1,072	894	1,035	1,114	1,186	1,352	1,412	1,498	1,576	1,667
Transfer from Interruptible to Firm due to proposed increments	0	0	0	0	0	0	0	(80)	(80)	(80)	(80)	0
Curtailment Excluding Increments	480	792	1,017	408	1,035	1,114	1,186	1,352	1,412	1,498	1,576	1,667
Curtailment Including Increments	480	792	1,017	408	1,035	1,114	1,186	1,272	1,332	1,418	1,496	1,667
TOTAL REQUIREMENTS	2,165	2,438	2,994	2,371	3,511	3,734	3,951	4,185	4,394	4,629	4,864	5,111
SENDOUT												
Sendout Excluding Increments	1,685	1,646	1,977	1,963	2,476	2,620	2,765	2,777	2,795	2,814	2,834	2,830
Sendout Including Increments	1,685	1,646	1,977	1,963	2,476	2,620	2,765	2,913	3,062	3,211	3,368	3,444

Note: Estimated Peak Day - 36° F.

(4443) 4443

TABLE II
PACIFIC LIGHTING GAS SUPPLY COMPANY
SOUTHERN CALIFORNIA GAS COMPANY
SOUTHERN COUNTIES GAS COMPANY OF CALIFORNIA

SUMMARY OF ANNUAL ACTUAL AND ESTIMATED SUPPLY, COLD YEAR REQUIREMENTS, CURTAILMENT AND SENDOUT

Excluding and Including Proposed Out-of-State Increments of:

(1) 237.7 MMcfd on January 1, 1960, 118.9 MMcfd on January 1, 1961 and 118.8 MMcfd on January 1, 1962 from El Paso Natural Gas Company
(2) Contract Demand Quantity of 300 MMcfd Beginning November 1, 1959, Increasing to 350 MMcfd on November 1, 1963 from Transwestern Pipeline Company

14.73 psia - 60° F

Line		Actual MMcf			Estimated MMcf					
		1955	1956	1957	1958	1959	1960	1961	1962	1963
	SUPPLY									
1	California Sources	183,422	182,802	180,402	165,409	170,657	169,986	159,329	150,552	145,288
2	Out-of-State, Including Additional Under Dockets G-11797 and G-12580	258,670	293,025	331,630	369,580	413,906	415,039	413,905	413,905	413,9
3	Storage Withdrawal	17,105	21,500	23,138	28,355	34,107	38,398	38,616	38,615	38,61
4	TOTAL EXCLUDING INCREMENTS	459,197	497,327	535,170	563,344	618,670	623,423	611,850	603,072	598,4
5	Adjustment to above Out-of-State receipt due to proposed increments	0	0	0	0	0	0	0	0	0
6	Proposed Out-of-State Increment from El Paso Natural Gas Company	0	0	0	0	0	78,684	119,524	162,956	170,3
7	Proposed Out-of-State Increment from Transwestern Pipeline Company	0	0	0	0	21,045	99,309	100,552	102,832	110,4
8	TOTAL INCLUDING INCREMENTS	459,197	497,327	535,170	563,344	639,715	801,416	831,926	868,860	879,21
	FIRM SERVICE									
9	Storage Injection	17,830	29,130	36,080	40,227	39,522	39,552	39,690	38,620	38,6
10	Other Requirements, excluding increments	242,300	251,509	259,875	281,810	331,021	352,642	369,368	385,433	401,7
11	Other Requirements, including increments	242,300	251,509	259,875	281,810	331,021	355,730	372,446	386,560	401,7
12	Adjustment for Cold Year	0	0	0	26,408	27,890	29,375	30,904	32,455	34,0
13	TOTAL REQUIREMENTS, EXCLUDING INCREMENTS	260,130	280,639	295,955	348,445	398,433	421,569	439,962	456,508	474,3
14	TOTAL REQUIREMENTS, INCLUDING INCREMENTS	260,130	280,639	295,955	348,445	398,433	424,657	443,040	457,635	474,3
15	Curtailment Excluding Increments	0	0	0	0	0	0	3,402	8,463	16,8
16	Curtailment Including Increments	0	0	0	0	0	0	0	0	0
	INTERRUPTIBLE SERVICE									
17	Gross Requirements, excluding increments	278,502	310,843	350,177	331,297	371,919	411,512	434,414	461,269	480,1
18	Gross Requirements, including increments	278,502	310,843	350,177	331,297	371,919	408,424	431,336	460,142	480,1
19	Curtailment Excluding Increments	79,435	94,155	110,962	116,398	151,682	209,658	259,124	306,242	339,3
20	Curtailment Including Increments	79,435	94,155	110,962	116,398	130,637	31,665	42,450	48,917	75,3
21	TOTAL COLD YEAR REQUIREMENTS	538,632	591,482	646,132	679,742	770,352	833,081	874,376	917,777	954,7
	SENDOUT									
22	Sendout Excluding Increments	459,197	497,327	535,170	563,344	618,670	623,423	611,850	603,072	598,4
23	Sendout Including Increments	459,197	497,327	535,170	563,344	639,715	801,416	831,926	868,860	879,2

1966-67	1967-68
442	425
1,143	991
1,217	1,217
2,802	2,633
(172)	(17)
475	475
402	402
3,507	3,493
377	377
0	0
3,609	3,773
3,609	3,773
0	0
105	115
32	35
806	1,140
102	280
1,756	1,839
0	0
1,756	1,839
1,756	1,839
5,363	5,612
2,802	2,633
3,507	3,493

Note: Cold Year - 2342 Degree Days

964	1965	1966	1967	Line	
					SUPPLY
,203	136,385	129,414	122,098	1	California Sources
,039	413,905	413,905	413,905	2	Out-of-State, Including Additional Under Dockets G-11797 and G-12580
,648	38,616	38,616	38,616		
,890	588,906	581,935	574,619	3	Storage Withdrawal
				4	TOTAL EXCLUDING INCREMENTS
0	0	0	0	5	Adjustment to above Out-of-State receipt due to proposed increments
,996	173,521	173,521	173,521	6	Proposed Out-of-State Increment from El Paso Natural Gas Company
,449	145,577	127,750	127,750	7	Prpposed Out-of-State Increment from Transwestern Pipeline Company
,335	908,004	883,206	875,890	8	TOTAL INCLUDING INCREMENTS
					FIRM SERVICE
,397	38,363	38,363	38,363		
,266	432,330	449,993	468,076	9	Storage Injection
5,266	432,330	449,993	468,076	10	Other Requirements, excluding increments
5,650	37,317	39,038	40,821	11	Other Requirements, including increments
9,313	508,010	527,394	547,260	12	TOTAL REQUIREMENTS, Excluding Increments
9,313	508,010	527,394	547,260	13	TOTAL REQUIREMENTS, Including Increments
1,817	37,442	50,747	64,287	14	Curtailment Excluding Increments
0	0	0	0	15	Curtailment Including Increments
					INTERRUPTIBLE SERVICE
2,714	539,929	570,650	604,911	16	Gross Requirements
2,714	539,929	570,650	604,911	17	Adjusted Requirements, Including Increments
0,320	421,591	465,362	513,265	18	Curtailment Excluding Increments
9,692	139,935	214,838	276,281	19	Refusals Including Increments
				20	Curtailment Including Increments
2,027	1,047,939	1,098,044	1,152,171	21	TOTAL GROSS REQUIREMENTS, EXCLUDING INCREMENTS
				22	TOTAL ADJUSTED REQUIREMENTS, INCLUDING INCREMENTS
					SENDOUT
9,890	588,906	581,935	574,619	23	Sendout Excluding Increments
2,335	908,004	883,206	875,890	24	Sendout Including Increments

Notes: Normal Temperature Year - 1800 Degree Days

TABLE III

PACIFIC LIGHTING GAS SUPPLY COMPANY
SOUTHERN CALIFORNIA GAS COMPANY
SOUTHERN COUNTIES GAS COMPANY OF CALIFORNIA

SUMMARY OF ANNUAL ACTUAL AND ESTIMATED SUPPLY GROSS REQUIREMENTS, CURTAILMENT AND

Excluding and Including Proposed Out-of-State Increments of:

(1) 237.7 MMcfd on January 1, 1960, 118.9 MMcfd on January 1, 1961 and 118.8 MMcfd on January 1, 1962 from El Paso Natural Gas Company
(2) Contract Demand Quantity of 300 MMcfd Beginning November 1, 1959, Increasing to on November 1, 1963 from Transwestern Pipeline Company

14.73 psia - 60° F

Actual MMcf						
1955	1956	1957	1958	1959	1960	1961
183,422	182,602	180,402	168,409	170,657	169,486	154,329
256,670	298,025	331,630	369,580	413,906	415,037	413,405
17,105	21,500	23,138	26,355	34,107	38,398	38,616
459,197	497,327	535,170	563,344	618,670	623,423	611,850
0	0	0	0	0	0	0
0	0	0	0	0	77,732	119,305
0	0	0	0	21,045	98,159	100,368
459,197	497,327	535,170	563,344	639,715	799,354	831,523
17,830	29,139	36,080	40,227	34,522	39,512	39,647
242,300	251,509	259,875	281,810	331,021	352,642	369,368
242,300	251,509	259,875	281,810	331,021	355,737	372,446
260,130	280,639	295,955	322,037	370,543	392,144	409,068
260,130	280,639	295,955	322,037	370,543	395,282	412,136
0	0	0	0	0	0	0
0	0	0	0	0	0	0
278,502	310,843	350,177	331,297	371,919	411,512	434,414
278,502	310,843	350,177	331,297	371,919	408,424	431,336
79,435	94,155	110,962	89,990	123,792	180,283	231,622
0	0	0	0	0	0	0
79,435	94,155	110,962	89,990	102,747	4,352	11,949
538,632	591,482	646,132	653,334	742,462	803,706	843,472
538,632	591,482	646,132	653,334	742,462	803,706	843,472
459,197	497,327	535,170	563,344	618,670	623,423	611,850
459,197	497,327	535,170	563,344	639,715	799,354	831,523

TAILMENT AND SENDOUT

s of:

118.8 MMcfd on

Increasing to 350 MMcfd

Estimated MMcf						
1961	1962	1963	1964	1965	1966	1967
59,329	150,552	145,887	146,203	136,385	129,414	122,098
13,905	413,905	413,905	415,039	413,905	413,905	413,905
38,616	38,615	38,615	38,648	38,616	38,616	38,616
11,850	603,072	598,407	599,890	588,906	581,935	574,619
0	0	0	0	0	0	0
19,305	162,956	170,328	173,996	173,521	173,521	173,521
30,368	102,832	110,476	138,449	146,912	127,750	127,750
31,523	868,860	879,211	912,335	909,339	883,206	875,890
39,690	38,620	38,620	38,397	38,363	38,363	38,363
69,368	385,433	401,721	415,266	432,330	449,993	468,076
72,446	388,511	404,799	421,440	438,487	455,895	468,076
09,058	424,053	440,341	453,663	470,693	486,356	506,439
12,136	427,131	443,419	459,837	476,850	494,258	506,439
0	0	0	0	2,539	11,709	23,467
0	0	0	0	0	0	0
34,414	461,269	480,189	512,714	539,929	570,650	604,911
31,336	458,191	477,111	506,540	533,772	564,748	604,911
31,622	282,250	322,123	366,487	419,177	465,362	513,264
0	0	0	0	0	0	0
11,949	16,462	41,319	54,042	101,283	175,800	235,460
43,472	885,322	920,530	966,377	1,010,622	1,059,006	1,111,350
43,472	885,322	920,530	966,377	1,010,622	1,059,006	1,111,350
511,850	603,072	598,407	599,890	588,906	581,935	574,619
831,523	868,860	879,211	912,335	909,339	883,206	875,890

EXHIBIT I —SECTION (iv)

BASIC FACTORS USED IN ESTIMATING FUTURE REQUIREMENTS

The forecast of the future requirements for gas employed the following basic factors and assumptions:

(1) The forecast years 1958 and 1959 reflect current economic conditions and above-average hydroelectric generation. Normal postwar business trends were assumed in the years 1960-67, inclusive.

(2) No change from present space heating saturation of approximately 99%

(3) Growth in number of meters based on population trends and indicated construction activities within the respective service areas. The assumed growth of Southern California Gas Company and Southern Counties Gas Company of California for the ten years 1958 through 1967 is 103,700 meters per year compared with an average of 103,300 per year over the past ten years.

(4) Forecasts of unit annual sales to general and commercial customers were extrapolated from experienced unit sales adjusted to uniform temperatures, as reflected by long-term averages. Gross fuel requirements of other classes of service were trended from historical data or furnished by customers. The cold year adjustment to firm requirements was predicated on temperatures which occurred in the 1948-49 heating season when the degree days totaled 2,342 compared with the 20-year average of 1,800.

(5) Forecasts of peak day requirements per general and commercial customer were predicated upon an average temperature of 36° F. These requirements

were also adjusted upward to include 95% of the normal dispersion about the trend. The last occurrence of a 36° F. average temperature was on January 22, 1937, one of the coldest days on record.

Forecasts of the future gas requirements of wholesale customers were furnished by them based upon considerations similar to the foregoing.

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EXHIBIT I—SECTION (v)

SALES OR TRANSPORTATION CONTRACTS

Conformed copy of each contract for sale or transportation of natural gas by means of the proposed facilities.

Letter of intent between Southern California Gas Company, Southern Counties Gas Company of California and El Paso Natural Gas Company dated July 30, 1958.

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EL PASO NATURAL GAS COMPANY

El Paso, Texas

Address Reply To:
40 Wall Street, Room 4706
New York 5, N. Y.

July 30, 1958

Southern California Gas Company
Southern Counties Gas Company of California
Los Angeles 54, California

Gentlemen:

Reference is made to our letter contract dated May 22, 1958, dealing with the purchase and sale of 400 million cubic feet of natural gas per day.

Since the execution of our agreement on May 22, 1958, we have entered into a Memorandum of Agreement with Colorado Interstate Gas Company (Colorado) and Pacific Northwest Pipeline Corporation (Pacific), dated July 18, 1958 (a copy of which has been delivered to you), which makes possible certain revisions in the letter contract of May 22, 1958, of advantage to you, including (a) greater assurances of supply to meet the obligations hereunder, (b) reduction of the load factor under which you will be required to take gas hereunder, (c) firm commitment by El Paso to make delivery of greater quantities in the future, thereby providing maximum utilization of the facilities required to discharge the obligations hereunder with consequent reduction in the unit cost of transportation upon the movement of such future supply, and (d) short postponement of initial deliveries to accommodate your market requirements.

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The opportunity to extend these advantages to you prompts us to restate our agreement in line with conferences with you regarding this matter, and if accepted by you shall supersede said agreement of May 22, 1958.

El Paso Natural Gas Company (El Paso) hereby agrees to sell to Southern California Gas Company and Southern Counties Gas Company of California (herein collectively referred to as "Southern"), and Southern agrees to purchase, a maximum quantity of 550 million cubic feet of natural gas per day in addition to what is presently covered by certificates and pending applications.

Delivery of gas hereunder to Southern shall be made at a point adjacent to U.S. Highway No. 91 on the California-Nevada border southwest of Las Vegas, from a 34-inch pipeline to be built by El Paso from a connection south of Salt Lake City near Thistle, Utah (such line being

herein referred to as the "Salt Lake Line"), with a pipeline described in said Memorandum of Agreement to be built by Colorado to such point. You understand, of course, that the proposed 34-inch pipeline, by the addition of compression, is capable of economic delivery of gas in excess of 700 million cubic feet per day. In view of the anticipated development of your market, we feel that it would be a serious mistake to construct this line not engineered to receive the large additional volumes of gas expected from the potential reserves within economic reach of this project.

4450

The initial price for each increment of gas delivered hereunder shall be not in excess of 40¢ per Mcf at an 85% load factor as to all but the quantities originating under subparagraph (c) below, as to which such load factor shall be 90%. This price is based upon the cost of gas to be taken into the El Paso-Pacific system as follows, in each instance calculated on a pressure base of 14.9# psia.

(a) 200 million cubic feet per day from Colorado at a point near Rock Springs, Wyoming, more particularly described in the aforesaid Memorandum of Agreement dated July 18, 1958, at a price of 27¢ per Mcf which represents an estimate by Colorado of the cost of service involved in the delivery of such 200 million cubic feet per day, calculated in the manner customarily utilized by the Federal Power Commission. It is understood by El Paso that such gas is to be made available from Colorado's general supply, being located principally in the Panhandle Area and approximately 50% of which represents its own production; the balance being made up from gas purchased at a field price of 12¢ to 15¢ per Mcf except for a small portion which is purchased at 20¢ per Mcf.

(b) 200 million cubic feet per day from Pacific at a point near Rock Springs, Wyoming, more particularly described in the aforesaid Memorandum of Agreement dated July 18, 1958, at a price of 31.5¢ per Mcf which represents an

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estimate by Pacific of the cost of service involved in the delivery of such gas, calculated in the manner customarily utilized by the Federal Power Commission. Said estimated cost of service is based upon (i) 100 million cubic feet per day purchased at the U.S.-Canadian border near Sumas, Washington, under a contract between Pacific and Westcoast Transmission Company Limited, dated December 11, 1954, providing for a price of 22¢ per Mcf on a 90% load factor (copy of which contract has been furnished to you), and (ii) 100 million cubic feet per day purchased in the Rocky Mountain Area at a wellhead price of 18.35¢ per Mcf, plus 2¢ per Mcf for gathering. The gas purchased at 18.35¢ will escalate 1¢ per Mcf each five years.

(c) 150 million cubic feet per day at the U.S.-Canadian border near Kingsgate, British Columbia (such gas being referred to herein as "Kingsgate Canadian Gas"), under contract between Pacific and Westcoast Transmission Company Limited, dated May 25, 1957, and amended December 9, 1957, providing a cost of service formula calculated to yield initially to Westcoast a price of 27.91¢ per Mcf. A copy of this contract as amended has been furnished to you.

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In order that deliveries in accordance with the sched-e set out below may be assured, it is agreed that if all

necessary authorizations from the Canadian authorities for the exportation of at least 100 million cubic feet daily of the quantity contemplated under (c) above have not been forthcoming by January 1, 1961, Southern may terminated its obligation to take such gas; provided, however, that El Paso may, within 60 days after such termination, give Southern written notice of its intention to substitute domestic gas. Southern will take such substitute gas under the terms of this agreement provided El Paso obtains the necessary Federal Power Commission authorization, in form acceptable to both parties, within one year after Southern terminates its obligation to take the quantity contemplated under (c) above. Such substitute gas must be priced so as to permit a delivered cost to you at the aforesaid point of delivery not in excess of 40¢ per Mcf on a 90% load factor, but if such substitution results in any economy, the initial price of 40¢ per Mcf will be adjusted to reflect any decrease in the cost of service at the aforesaid point of delivery to Southern resulting therefrom.

In order that there may be no delay in the delivery to you of the quantities of gas identified under (a) and (b) above, the parties agree that certificates as to such gas may be sought independently of the Kingsgate Canadian Gas if such course should appear to be more expeditious.

The parties hereto will use their best efforts to deliver and accept the gas covered hereunder at the earliest practicable date; provided, however, that delivery by El Paso and acceptance by Southern shall commence not later than:

January 1, 1960, as to 200 million cubic feet per day at an annual load factor of 85%.

January 1, 1961, as to an additional 100 million cubic feet per day at an annual load factor of 85%.

January 1, 1962, as to a further 100 million cubic feet per day at an annual load factor of 85%.

January 1, 1964, as to 150 million cubic feet per day contemplated under (c) above, or the substitute gas therefor, at an annual load factor of 90%.

Deliveries of each of the above increments, respectively, shall be made for a period of twenty years commencing on the initial dates of delivery, and El Paso agrees to use its best efforts to continue each of such deliveries for a period of five years thereafter.

As appears from the aforesaid Memorandum of Agreement of July 18, 1958, El Paso, as to each block of domestic gas, is permitted to take 117.5 million cubic feet per day but must average on an annual basis at least 100 million cubic feet per day. Southern agrees beyond the obligation set forth in the above schedule that it will use its best efforts to take from El Paso, consistent with its rights to gas under existing supply contracts, such additional quantities of gas as will permit El Paso to discharge its obligations under said Memorandum of Agreement. As to

the gas taken by Southern under the "best efforts" provision of this paragraph, the price therefor shall be the same as provided for in the first paragraph on page 3 hereof, and the tariff shall be properly worded so that the demand and commodity charges shall provide a rate that does not exceed said 40¢ when the gas is taken on an 85% load factor.

As appears from paragraph 16 of said Memorandum of Agreement of July 18, 1958, El Paso may receive Kings-

gate Canadian Gas from Pacific prior to Southern's firm obligation to take the same. Southern agrees beyond the obligation set forth in the above schedule that it will use its best efforts to take from El Paso, consistent with its rights to gas under existing supply contracts, such additional quantities of gas as will permit El Paso to discharge its obligations to Pacific as to such Kingsgate Canadian Gas. As to the gas taken by Southern under the "best efforts" provision of this paragraph, the price therefor shall be the same as provided for in the first paragraph on page 3 hereof, and the tariff shall be properly worded so that the demand and commodity charges shall provide a rate that does not exceed said 40¢ when the gas is taken on a 90% load factor.

Make-up provisions, measurement, force majeure, delivery pressure, quality specifications (except that the Btu requirement shall be not less than 950), pressure base, rate filing procedure and other provisions shall be as provided in the existing Service Agreement

between the parties and related provisions of El Paso's tariff, except as otherwise provided herein.

This letter agreement shall be superseded by an amended Service Agreement to be filed with the Federal Power Commission as soon as such procedure is deemed appropriate.

In order to assist Southern in meeting the urgent need it will have for additional gas before it is possible to build the facilities herein contemplated, the parties agree that at such time as they may deem to be appropriate, El Paso will make application to the Federal Power Commission for temporary authorization to utilize such existing relief and stand-by facilities as may be available for interim delivery of up to 100 million cubic feet per day at

such times as El Paso is in a position to make such delivery and Southern is in a position to accept it. Delivery of the gas covered by this paragraph shall be made at the existing delivery point(s) and at the price applicable under rate schedule G to other deliveries then being made to Southern. Such deliveries shall continue until the Salt Lake Line is put into operation but not later than December 31, 1959, unless extended by agreement of the parties.

This agreement is subject to the receipt by each of the parties of the necessary authorizations, in form acceptable to both parties hereto, from all governmental agencies having jurisdiction. Each of the parties hereto agrees to proceed with all practicable speed and with extraordinary diligence to obtain such necessary authorizations

from all such governmental agencies in order to effectuate the terms and provisions of this agreement at the earliest practicable date. It is understood that Southern may cancel this agreement if application for a certificate is not filed by El Paso with the Federal Power Commission by November 1, 1958, or if the related Colorado and Pacific certificate applications are not filed by January 1, 1959.

If the foregoing proposal expresses our understanding

and is acceptable to Southern, kindly so indicate on a copy of this letter and return the same to the undersigned.

Very truly yours,

EL PASO NATURAL GAS COMPANY
By PAUL KAYSER
President

Accepted and agreed to July 30, 1958.

SOUTHERN CALIFORNIA GAS COMPANY
By F. M. BANKS
President

Accepted and agreed to July 30, 1958.

SOUTHERN COUNTIES GAS COMPANY OF CALIFORNIA
By ALAN R. BAILEY
Senior Vice President

EXHIBIT I
SECTION (vi)

RELATED FACILITIES

Southern California Gas Company and Southern Counties Gas Company of California and their wholesale customers operate very large gas transmission and distribution systems serving more than two and a half million retail customers. Substantial growth is expected during the next decade within the existing service areas, but no large extension of these service areas is contemplated.

Transmission facilities related to the proposed new supplies of out-of-state gas consisting of major natural gas transmission pipelines and compressor stations extending from the eastern California boundary are detailed herein under a separate heading entitled "Location of Facilities . . . . . " (Tab C).

Related distribution facilities of the companies necessary to provide service in the communities served will consist mainly of extensions and reinforcements throughout the existing distribution network, together with service connections, meters and regulators. These facilities would be required in any event to meet the anticipated growth in firm demands for gas and cannot be related specifically to the additional gas supplies sought.

Additional details covering the financing and economics of the proposed new supplies of gas may be found under separate headings Financing (Tab D) and Economic Feasibility (Tab E).

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EXHIBIT I

SECTION (vii)

MARKET SURVEYS

The Southern California companies do not make specific market surveys to determine future firm gas requirements. This is because there have been no important changes in the companies' retail service areas during the last three years, and none is contemplated.

Frequent estimates of future firm gas sales in the companies' service areas are prepared based on business conditions, present customers, estimates of future annual gain in number of customers, and the trend in normalized unit sales. Corresponding estimates of future interruptible potentials are based on historical trends, business conditions and upon forecasts made by the larger customers.

4459

EXHIBIT I

SECTION (viii)

FRANCHISES

The Southern California Gas Company and Southern Counties Gas Company of California have the necessary franchises from over one hundred and fifty incorporated

municipalities and franchises from each county in which gas service is rendered authorizing the distribution of natural gas in unincorporated areas (see Map following page 1). Each distribution company also has certificates of convenience and necessity from the California Public Utilities Commission authorizing it to exercise those franchise rights.

Pacific Lighting Gas Supply Company has necessary franchises to construct and operate natural gas transmission pipeline facilities in the municipalities and counties in which it operates. It also has certificates of convenience and necessity from the California Public Utilities Commission authorizing it to exercise these franchise rights.

A list of additional franchises related to the proposed new supply is not appended as no new service area is contemplated at this time.

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EXHIBIT I

SECTION (ix)

MARKET REQUIREMENTS OF AFFILIATES

Market requirements of all of the affiliates in the Pacific Lighting system are set forth in Sections (ii) and (iii).

Pacific Lighting Gas Supply Company
Southern California Gas Company
Southern Counties Gas Company of California

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EXHIBIT I

SECTION (x)

MINOR SUPPPLY PROJECT

Since the proposed project is one involving substantial additions to gas supply, the information required by Sections (i) to (ix) has been submitted.

6019

Hearing Exhibit No. 208

THIS AGREEMENT made this 11th day of December A. D. 1954 BETWEEN:

WESTCOAST TRANSMISSION COMPANY LIMITED, a body corporate incorporated by Act of Parliament of Canada, with head office at the City of Calgary, in the Province of Alberta, (hereinafter called the "Seller") OF THE FIRST PART,

and

PACIFIC NORTHWEST PIPELINE CORPORATION, a Delaware Corporation with an office at the City of Houston, in the State of Texas, one of the United States of America, (hereinafter called the "Buyer") OF THE SECOND PART, WITNESSETH that in consideration of the mutual covenants hereinafter set forth, IT IS MUTUALLY UNDERSTOOD AND AGREED by and between the parties hereto as follows:

ARTICLE I

REPRESENTATIONS

1. *Seller's Representations:*

Seller represents that it has or will obtain gas purchase contracts covering certain gas fields in Northern Alberta and Northern British Columbia containing in excess of three trillion cubic feet of proven recoverable gas reserves from which there is available for delivery to markets in the United States at least three hundred million cubic feet of gas per day and to markets in Canada at least fifty million cubic feet of gas per day and Seller agrees

6020

to utilize and dedicate the gas reserves covered by said gas purchase contracts to the making of such deliveries.

(6020)

Seller represents that it proposes to construct and operate a natural gas transmission line from said gas fields in northern Alberta and northern British Columbia to a point on the International Boundary between the Province of British Columbia and the State of Washington, near Sumas, Washington, where the Seller proposes to sell natural gas transmitted by it at a connection with an extension of the pipeline system to be constructed by the Buyer.

2. *Buyer's Representations:*

Buyer represents that pursuant to authorization from the Federal Power Commission in its Opinion Number 271 and accompanying Order issued June 18, 1954 it proposes to construct and operate a natural gas pipeline for the purpose of transmitting gas from the San Juan Basin of New Mexico and Colorado to markets in Colorado, Utah, Wyoming, Idaho, Oregon and Washintgon. Buyer further represents that it proposes to expand certain of its facilities to supply additional markets, and extend its transmission line to a point on the Canadian-United States border in the State of Washington near Sumas, Washington, and that it desires to purchase from Seller natural gas as hereinafter provided.

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3. *Seller's Performance with Diligence:*

Seller agrees to proceed with diligence to procure all governmental authorities, permits and licenses (or amend those it already has procured) necessary for the construction and operation of the pipeline system to be constructed and operated by it and upon procuring or securing the amendment of the same, to proceed with diligence with the construction of the said pipeline system as required to carry out the purpose and intention of this Agreement; and agrees at its cost and expense to furnish the exhibits

and testimony to support Seller's gas reserves, deliverability, engineering, costs, feasibility, financing and all other Canadian phases of the sale hereunder required in connection with Buyer's applications for its authorizations required thereby. HOWEVER upon the happening of any one of the following contingencies, to wit:

(a) The failure of the Buyer to procure from the Federal Power Commission on or before the 11th day of December, A. D. 1955, the necessary authorization for the construction and operation of the additional pipeline facilities in the United States required hereby; for the importation into the United States of the gas purchased hereunder and a Presidential Permit authorizing the facilities to import such gas into the United States;

(b) The issuance by the Federal Power Commission to the Buyer of an order denying Buyer's request for the above mentioned authorizations; or

(c) The failure of the Buyer to commence the actual construction of said additional pipeline facilities on or before the First day of April, A. D. 1956;

Seller shall have the right to terminate this contract by written notice to be delivered to Buyer not later than Thirty (30) days after the happening of such contingency.

4. *Buyer's Performance with Diligence:*

Buyer agrees to proceed with diligence in its endeavours to procure all governmental authorities, permits and licenses necessary for the importation of the gas purchased hereunder; the construction and operation of the additional pipeline facilities to be constructed and operated by it and upon procuring the same, to proceed with dili-

gence with the construction of the said additional pipeline facilities as required to carry out the purpose and intention of this Agreement; HOWEVER, upon the happening of any one of the following contingencies, to wit:

(a) The failure of the Buyer to procure from the Federal Power Commission on or before the 11th day of December, A.D. 1955, the authorizations required for the construction and operation of the additional pipeline facilities in the United States required hereby; for the importation into the United States of the gas purchased hereunder and a Presidential Permit for the facilities to import such gas;

(b) The issuance by the Federal Commission to the Buyer of an order denying Buyer's requests for the above mentioned authorizations, or granting such authorizations with conditions or restrictions which are unacceptable to Buyer; or

(c) The failure of Seller to commence the actual construction of its pipeline facilities on or before the First day of April, A.D. 1956;

Buyer shall have the right to terminate this contract by written notice to be delivered to Seller not later than Thirty (30) days after the happening of such contingency.

5. *Non-Waiver of Remedies:*

The right of the Seller or the Buyer, as the case may be, to terminate this contract upon the happening of any of the contingencies described in Sections 3 and 4 of this Article I, shall not exclude any rights and remedies such party may have by reason of the other party's failure to proceed with diligence as above provided.

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Article II

Term

1. Except as provided in Article I, this Agreement shall be and remain in force and effect from and after the date hereof until January First following the date of first delivery of gas hereunder, and thereafter for a period of Twenty (20) years, and from year to year thereafter until terminated on Eighteen (18) months' notice in writing given by either party to the other.

Article III

Definitions

Except where the context expressly states another meaning the following terms when used in this Agreement shall have the following meanings;

1. The term *"day"* shall mean a period of Twenty-four (24) consecutive hours beginning and ending at Eight (8:00) A.M. Pacific Standard Time.

2. The term *"month"* shall mean the period beginning at Eight (8:00) A.M. on the First day of the calendar month and ending at Eight (8:00) A.M. on the First day of the next succeeding calendar month.

3. The term *"year"* shall mean a period of Twelve (12) consecutive months beginning with January First.

4. The term *"cubic foot"* shall mean the volume of gas which occupies One (1) cubic foot when such gas is at a temperature of Sixty Degrees Fahernheit (60°F.), and Fourteen and Nine-Tenth (14.9) pounds per square inch absolute.

(6024)

5. The term *"Mcf"* shall mean One Thousand (1,000) cubic feet of gas.

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6. The term *"British Thermal Unit"* shall mean the amount of heat required to raise the termeparture of One (1) pound of water One Degree Fahernheit (1°F.) at Sixty Degrees Fahrenheit (60°F.).

7. The term *"total heating value"*, when applied to a cubic foot of gas, means the number of British Thermal Units produced by the combustion in a recording calorimeter at constant pressure, of the amount of gas which would occupy a volume of One (1) cubic foot at a temperature of Sixty Degrees Fahrenheit (60°F.), if saturated with water vapor, and under a pressure equal to that of Thirty (30) inches of mercury at Thirty-two Degrees Fahrenheit (32°F.) and under standard gravitational force (acceleration Nine Hundred and Eighty and Six Hundred and Sixty-five Thousandths (980.665) cm. per second per second) with air of the same temperature and pressure as the gas, when the products of combustion are cooled to the initial temperature of the gas and air, and when the water formed by combustion is condensed to the liquid state.

8. The term "contract demand" shall be the maximum volume of natural gas which Seller shall be obligated to deliver to the Buyer and which Buyer has the right to demand from Seller on any day.

9. The term *"Buyer"* shall mean Pacific Northwest Pipeline Corporation.

10. The term *"Seller"* shall mean Westcoast Transmission Company Limited.

Article IV

Sale and Purchase of Gas

1. *Contract Demand:*

The Buyer agrees to take and purchase from the Seller, and Seller

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agrees to sell and deliver to the Buyer Three hundred thousand Mcf. of natural gas per day at the rate of delivery hereinafter specified:

	Contract Demand Mcf Per Day
(a) Prior to January First, 1958, provided Buyer's and Seller's facilities required to deliver and receive the gas are completed,	200,000
(b) For one year commencing January First, 1958	250,000
(c) For one year commencing January First, 1959 and thereafter throughout the remaining period of this contract.	300,000

(d) Buyer shall have the right upon sixty (60) days written notice to decrease the above quantities by 50,000 Mcf per day until January 1, 1960, but not thereafter. In no event shall Buyer be required to take or pay for any gas hereunder prior to November 1, 1957.

2. *Buyer's Right to Increase Contract Demand:*

At such time as there are available to Seller under the terms of Seller's gas purchase contracts proven and re-

coverable reserves capable of delivering an additional one hundred million cubic feet of gas per day over and above Buyer's maximum contract demand of three hundred million cubic feet of gas set forth in Section 1 of this Article IV, and over and above the requirements of Seller's markets in Canada, Seller shall so notify Buyer in writing. Buyer shall, for sixty days following receipt of said notice have the right to increase its contract demand hereunder by an amount not exceeding one hundred million cubic feet. Should Buyer desire to so increase its contract demand hereunder it shall so notify Seller, specifying the date, which need not be earlier than January First, 1960, but with that sole exception and subject to Buyer's obtention of all required authorizations, shall

not be later than one year after the date of Buyer's notice to Seller, on which the increased contract demand is to become effective. Seller shall thereupon dedicate to the performance of Seller's obligations to sell and deliver gas hereunder additional proven and recoverable gas reserves in the ratio of ten billion cubic feet of reserves for each one million cubic feet per day of additional contract demand. Seller shall be free to dispose of any portion of said additional one hundred million cubic feet of gas per day not so taken by Buyer.

3. *Volumes in Excess of Contract Demand:*

The Seller, at Buyer's request, shall make gas available to the Buyer in excess of the Contract Demand in such volumes as, in the Seller's judgment, the Seller shall have available for delivery to the Buyer from time to time, but such deliveries shall not be construed as increasing the contract demand as herein contained.

4. *Phillips Contract Modification*

Concurrent herewith Buyer has obtained from Phillips Petroleum Company (hereafter called "Phillips") a modification of Section 12 of Buyer's contract with Phillips permitting Buyer to reduce the minimum volumes of gas Buyer is required to take from gas leases in the San Juan Basin of New Mexico by an amount not in excess of fifty million cubic feet per day to the extent that such reduction may be necessary to enable Buyer to purchase the contract demands from Seller which are set forth in this Article IV. A copy of which said modification has been furnished to Seller.

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ARTICLE V

PRICE

1. *Price Schedule:*

Subject to the adjustments hereinafter provided for, the Seller agrees to sell and deliver and the Buyer agrees to accept and pay for all gas delivered by the Seller to the Buyer under the contract demand provisions hereof prior to January First, 1959 at demand and commodity rates which on a 90% load factor will result in a price of twenty-two and one quarter (22¼¢) cents per Mcf and on and after January First, 1959 at demand and commodity rates which on a 90% load factor will result in a price of twenty-two (22¢) cents per Mcf. For gas actually delivered in excess of the contract demand on each day during the month Buyer shall pay the price resulting from the application of the above described demand and commodity rates on a 100% load factor basis.

2. *Minimum Annual Bill:*

The minimum annual bill payable during each year shall be an amount equal to 90% of the revenues which

would have resulted from the application of the demand and commodity rates above described on a 100% load factor use of the contract demand.

Any payment due under this section shall be due and payable with the December bill of each year.

In the event Seller fails to deliver on any day when requested by Buyer, 90% of the contract demand, then the minimum bill for the year shall be reduced by an amount equal to the total volume of such failure multiplied by the sum of a) and b):

a) The commodity charge per Mcf.

b) The demand charge per Mcf of Contract demand divided by the number of days in the month such deficiency occurred.

3. *Currency:*

All payments by the Buyer to the Seller shall be made in lawful money of the United States.

4. *Variation in Heating Value:*

In the event the arithmetical average of the computed daily gross heating values of the gas delivered by Seller to Buyer in any month is less than One Thousand (1,000) British Thermal Units per cubic foot, the total charge for such month shall be reduced in proportion to the deficiency below One Thousand (1,000) British Thermal Units per cubic foot. Such reduction shall be determined by a fraction the numerator of which is the deficiency in total heating value of the gas accepted by Buyer during said month and the denominator of which is 1,000. Such reduction shall be reflected in the bill rendered for the month in which such gas was delivered to Buyer.

Article VI

Delivery Point and Pressure

1. *Delivery Point:*

The gas to be delivered by Seller to Buyer under this Agreement shall be delivered at one (1) location on the International Boundary between the Province of British Columbia and the State of Washington, near Sumas, Washington, the exact location to be mutually agreed upon.

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2. *Delivery Pressure:*

The gas delivered to Buyer at the point of delivery shall be delivered within the range required for accurate metering as shall from time to time exist under operating conditions of the pipeline system of Seller at the point of delivery and at such varying pressures but not less than Five hundred pounds (500 psig) per square inch gauge as required to permit the operation of the Buyer's pipeline system as an integral part of the Seller's transmission system, and at a temperature not in excess of 110°F.

Article VII

Quality

1. *General Specifications:*

All gas delivered by Seller to Buyer shall be merchantable natural gas containing a total heating value of at least 950 Btu per cubic foot at all times complying with the following quality requirements:

(a) The gas shall be reasonably free from objectionable liquids or solids.

(b) The gas shall not contain more than one (1) grain per hundred (100) cubic feet of hydrogen sul-

phide and not more than twenty (20) grains of total sulphur per hundred (100) cubic feet.

(c) The gas shall not contain in excess of one per cent (1%) by volume of oxygen.

(d) *Liquids:*

All gas to be delivered hereunder shall be dehydrated by Seller and shall in no event have a water content in ex-

cess of four pounds of water per one million cubic feet of gas measured at a pressure base of 14.9 pounds per square inch guage and at a temperature of 60°F. as determined by dew point apparatus approved by the U.S. Bureau of Mines.

2. *Additional Specifications:*

All gas delivered by Seller to Buyer which is physically delivered by Buyer for consumption in California markets shall conform to the following specifications:

(a) *Oxygen:*

The gas shall not at any time have an oxygen content in excess of 0.2 of one per cent by volume and Seller shall make every reasonable effort to keep the gas free of oxygen and nitrogen.

(b) *Liquids:*

All gas to be delivered hereunder shall be dehydrated by Seller and shall in no event have a water content in excess of four pounds of water per one million cubic feet of gas measured at a pressure base of 14.9 pounds per square inch gauge and at a temperature of 60°F. as de-

termined by dew point apparatus approved by the U.S. Bureau of Mines.

(c) *Hydrogen Sulphide:*

The gas shall not contain more than 0.25 of one grain of hydrogen sulphide per one hundred (100) standard cubic feet.

(d) *Organic Sulphur:*

The gas shall not contain more than 5 grains of organic sulphur (mercaptans) per hundred (100) standard cubic feet.

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(e) *Carbon Dioxide:*

The gas shall not have a carbon dioxide content in excess of one per cent by volume.

(f) *Dust, Gums, etc.:*

The gas shall be commercially free of dust, gums, and other solid matter.

(g) *Heating Value:*

The gas shall have a total heating value per cubic foot of not less than 1000 Btu.

3. *Failure to Meet Specifications:*

If the gas offered for delivery by Seller hereunder shall fail at any time to conform to any of the specifications set forth in the above paragraphs 1 and 2 of this Article VII then Buyer agrees to notify Seller of such deficiency and if Seller fails promptly to remedy any deficiency in quality as specified herein, then Buyer may, at its option, refuse to accept delivery pending correction by Seller, or may accept delivery of such gas and may make changes

necessary to bring such gas into conformity with such specifications, and Seller shall reimburse Buyer for any reasonable expense incurred by it in effecting such changes.

4. *Processing:*

The term "*natural gas*" means natural gas obtained from the wells or residue remaining after the natural gas has been subjected to any or all of the following permissible processes:

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(a) The removal from the natural gas as obtained from the wells of any of its constitutent parts other than methane, and the removal of methane to such extent as is necessary in removing other constituents.

(b) The subjection of the gas to compression, regulation, cooling, cleaning, or any other chemical or physical process, to such extent as may be required in its production, gathering, transmission, storage, removal from storage and delivery to Buyer, but no diluents such as air or nitrogen shall be added.

Article VIII

Measurement

1. *Unit of Volume:*

The unit of volume of gas for all purposes hereunder (except for computation of heating value under the provisions of Section 7 of Article III hereof) shall be One (1) cubic foot at an absolute pressure of Fourteen and nine-tenths 14.9 pounds per square inch at a temperature of Sixty Degrees Fahrenheit (60°F.), computed in accordance with Boyle's Law governing pressure and volume of gases (with corrections for deviation as hereinafter provided).

2. *Determination of Volume:*

The volume of gas delivered hereunder if measured by an orifice meter shall be computed in accordance with the methods prescribed in Gas Measurements Committee Report No. 2, Natural Gas Department, American Gas Association, including the Appendix thereto, as published May 6, 1935 and revised in 1948. If gas delivered hereunder is measured with a positive displacement meter, the volumes delivered at flowing pressures and temperatures

shall be corrected by the application of proper correction factors for (i) absolute static pressure, (ii) flowing temperature, and (iii) deviation from Boyle's Law as set forth in the above noted Report.

3. *Deviation from Boyle's Law:*

The deviation of the gas from Boyle's Law at the pressures and temperatures at which the gas is metered shall be determined by tests or analyses at intervals of Six (6) months. The method of making such tests or analyses shall be determined by mutual agreement, but in the event of the inability of the parties to agree, shall be made by a laboratory selected by the parties, whose tests or analyses shall be accepted as final. The results of each such determination shall be used in computing the volumes of gas delivered hereunder during the Six (6) calendar months next following the taking of the sample from which such determination is made.

4. *Specific Gravity:*

The specific gravity of the gas delivered shall be determined by means of recording gravitometer to be installed on the upstream side of Seller's meter at the point where the gas is metered, and the arithmetic average specific

gravity each day at such point shall be used in computing deliveries of gas during the day at such points.

5. *Flowing Temperatures:*

The flowing temperature of the gas in the meters shall be determined by means of a recording thermometer to be installed in accordance with

the recommendations contained in the said Gas Measurement Report No. 2, and the arithmetic average temperature each day shall be used in computing the deliveries of gas during such day.

6. *Assumed Atmospheric Pressure:*

The average absolute atmospheric pressure shall be assumed to be Fourteen and Seven Tenths (14.7) pounds per square inch, irrespective of the actual elevation or location of the point of delivery above sea level or variations in such atmospheric pressure from time to time.

7. *Heating Value:*

The heating value of the gas delivered hereunder shall be determined by means of a recording calorimeter using the Thomas principle of calorimetry or its equal.

Article IX

Measuring Equipment

1. *Buyer's and Seller's Measuring Stations:*

The Seller shall install, maintain and operate at its own expense equipment required for the measurement of the volumes, temperatures and heating values of all gas delivered hereunder on the Canadian side of the International Boundary at the place of delivery. Buyer shall install,

maintain and operate at its own expense equipment required for the check measurement of the volumes, temperatures and heating values of all gas delivered hereunder at a point on the United States side of the International Boundary at the place of delivery.

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Each party shall have access to the measuring equipment of the other party at all reasonable hours, but the calibrating and adjusting of each party's measuring equipment and the changing of charts shall be done only by each party respectively. Each party shall mail to the other party for checking and calculation of volume and temperature, meter charts used in measurement of gas delivered hereunder within Five (5) days after the last chart for each billing period is removed from the meter. Such charts shall be returned to the other party within Ten (10) days after receipt thereof.

2. *Right to be Present:*

Seller and Buyer shall each have the right to be present at the time of any installing, testing, cleaning, changing, repairing, inspecting, calibrating, or adjusting, done in connection with the measuring equipment of the other used in measuring deliveries hereunder, and shall be given reasonable notice thereof in order that it may be present.

3. *Determination of Volume and Heating Value:*

The volume of gas delivered by Seller to Buyer and received by the Buyer, and total heating value thereof, shall be determined by the arithmetical average of the volumes of gas measured by each of the measuring equipment of each of the parties and the total heating value measured by each of the measuring equipment of each of the parties.

4. *Calibration and Test of Meters:*

The accuracy of the measuring equipment at the point of delivery

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shall be verified at reasonable intervals, and whenever requested by Buyer or Seller. If upon such vertification the measuring equipment shall be found to be registering correctly, the cost of such vertification shall be charged to, and borne by the party requesting the same; otherwise the cost of all such vertifications shall be borne by the other party.

If, upon any test, measuring equipment is found to be not more than two percent (2%) fast or slow, previous readings of such equipment shall be considered correct in computing the deliveries of gas hereunder, but such equipment shall be adjusted properly at once to record accurately. If, upon any test, any measuring equipment shall be found to be inaccurate by an amount exceeding Two Percent (2%), then any previous readings of such equipment shall be corrected to zero error for any period which is known definitely or agreed upon, but in case the period is not known definitely or agreed upon such correction shall be for a period covering the last half of the time elapsed since the date of the last test, but not exceeding a period of Fifteen (15) days.

5. *Correction of Metering Errors:*

In the event the measuring equipment is out of service or out of repair so that the quantity of gas delivered is not correctly indicated by the reading thereof, the gas delivered through the period such measuring equipment is out of service or out of repair shall be estimated and agreed upon on the basis of the best data available using the first of the following methods which is feasible:

(a) By using the registration of any check measuring equipment

accurately registering; or

(b) By correcting the error if the percentage of error is ascertained by calibration, test or mathematical calculations; or

(c) By estimating the quantity of delivery by deliveries during preceding periods under similar conditions when the meter was registering accurately.

6. *Preservation of Records:*

Both Buyer and Seller shall cause to be preserved for a period of at least Ten (10) years all test data, charts and other records of gas measurements.

Article X

Obligations of Buyer and Seller

1. *Operation of Seller's System:*

Seller shall to the best of its ability operate its pipeline system in such manner that it shall be capable of delivering a quantity of gas equal to the contract demand on each day when Buyer's requirements are equal to such contract demand. Except as provided in Article IV, Section 2 hereof, Seller shall not, however, be obliged to deliver gas in excess of the contract demand except to the extent that Seller elects to make such gas available.

2. *Estimates of Excess Gas by Seller:*

Upon written request of Buyer, made not less than thirty (30) days

in advance, Seller shall annually, on or before September First, furnish Buyer with an estimate in writing as to the

average daily quantity of gas in excess of the contract demand which Seller expects to have available for delivery to Buyer at Buyer's point of delivery during each month of the ensuing calendar year, but nothing contained in such estimates shall increase Seller's obligations to deliver gas.

3. *Curtailments and Limitations:*

Buyer shall limit its takings of gas in order to comply with notices given by Seller as provided in this Section 3. Not less than Four (4) hours before the beginning of any day, Seller may give notice to Buyer limiting the taking of gas during the day for which such notice is given to the contract demand; any notice so given may be rescinded by Seller at any time. Whenever, before or during any day, including a day for which a notice has been given under the preceding sentence, it appears likely to Seller that the quantity of gas delivered to Buyer during such day may for any reason exceed the contract demand for such delivery point, then Seller may give notice to Buyer to curtail the taking of such quantity of interruptible gas as is specified in such notice. The quantity of gas specified in any such notice may be changed on notice at any time and from time to time. In the case of any initial curtailment in the quantity or interruptible gas, or of any subsequent increase in the quantity curtailed, Seller shall give Buyer notice not less than four (4) hours, or such shorter period as Buyer may agree to, in advance of each such curtailment or increase.

4. *Information for Billing, Dispatching and Forecasting:*

Seller and Buyer shall furnish each other, upon request, such meter charts and other information and data as is reasonably appropriate for the purpose of billing and dispatching gas hereunder, and Seller and Buyer shall have the right to audit each other's books and records

for such purposes at any reasonable time. Seller and Buyer will make available to each other upon request such information and data as is reasonably necessary for the analysis and forecast of Buyer's gas requirements and the quantity of gas which Seller will have available therefor.

Article XI

Statements and Payments

1. *Billing:*

On or before the Fifteenth (15th) day of each calendar month, Seller shall render a statement to Buyer for all natural gas delivered to Buyer under this Agreement during the preceding calendar month. Such statement shall set forth the complete computation or basis of determination of the quantities, amounts or other data used in computing the statement. Each party shall have the right at all reasonable times to examine the books, records and charts of the other party, to the extent necessary to verify the accuracy of any statement, charge or computation made under or pursuant to any of the provisions of this Agreement.

2. *Payments:*

Buyer shall pay to Seller, at Seller's office at the place from

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time to time specified in accordance with the provisions of Section 2 of Article XV, on or before the Twenty-fifth (25th) day of each month for the natural gas delivered under this Agreement by Seller to Buyer during the preceding calendar month as billed by Seller in the statement for said month.

3. *Adjustments for Over and Under Billing:*

In the event an error is discovered in the amount billed in any statement rendered by Seller, such error shall be

adjusted within thirty (30) days of the determination thereof provided that claim therefor shall have been made within sixty (60) days from the date of discovery of such error, but in any event, within twelve (12) months from the date of payment.

Article XII

Possession of Gas

1. *Point of Delivery Controls:*

As between the parties to the gas sales contract, Seller shall be deemed to be in control and possession of the gas deliverable thereunder until it shall have been delivered to Buyer at the point of delivery, after which Buyer shall be deemed to be in control and possession thereof.

2. *Responsibility:*

Buyer shall have no responsibility with respect to any gas deliverable under the gas sales contract until it is delivered into the facilities of the Buyer, or on account of anything which may be done, happen or arise with respect to such gas before such delivery and Seller shall have no responsibility with respect to such gas after its delivery into the facilities of Buyer or on account of anything which may be done, happen or arise with respect to such gas after such delivery except as provided in Sections 2 and 3

of Article VII.

Article XIII

Warranty and Title of Gas

1. The Seller warrants generally the title to all gas delivered to the Buyer hereunder and its right to sell the same, and warrants that such gas shall be free and clear of all liens and adverse claims.

Article XIV

Force Majeure

1. No failure or delay in performance of this Agreement by either party hereto shall be deemed to be a breach of this Agreement when such failure or delay is occasioned by or due to any Act of God, strikes, lockouts, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of rulers and peoples, civil disturbances, explosions, sabotage, breakage or accident to machinery or lines of pipe, temporary or permanent failure of gas supply, inability to obtain pipe, materials or equipment, the binding order of any court or governmental authority, or any other cause, whether of the kind herein enumerated or otherwise, not within the control of the party claiming suspension; provided that no cause or contingency shall relieve Buyer of its obligation to make payment for gas delivered hereunder.

Article XV

Miscellaneous

1. *Non-Waiver of Future Default:*

No waiver by either party of any one or more defaults by the other in the performance of any of the provisions of this contract shall operate or be construed as a waiver of any other or further default or defaults, whether of a like or of a different character.

2. *Notices:*

Except as herein otherwise provided, any notice, request, demand, statement or bill provided for in this contract, or any notice which either party may desire to

give to the other, shall be in writing and shall be considered as fully delivered when mailed by registered mail to the post office address of either of the parties hereto, as the case may be, as follows:

SELLER: WESTCOAST TRANSMISSION COMPANY LIMITED,
7th Floor, Petroleum Building,
Calgary, Alberta;

BUYER: PACIFIC NORTHWEST PIPELINE CORPORATION
M & M Building
Houston, Texas, U.S.A.

or at such other address as either party shall designate by formal written notice. Routine communications, including monthly statements and payments, shall be considered as duly delivered when mailed by either registered or ordinary mail.

3. *Examination of Records:*

Each party shall have the right to examine at reasonable times

the books, records and charts of the other party to the extent necessary to verify the accuracy of any statement, charge, computation or demand made under or pursuant to any of the provisions of this contract.

4. *Compliance with Laws:*

This contract and the respective obligations of the parties hereunder are subject to present and future valid laws and valid orders, rules and regulations of duly constituted authorities having jurisdiction, but in no event shall Buyer be obligated to pay more for gas delivered hereunder than the prices set forth in this contract.

5. *Assignment:*

Neither party hereto shall assign this Agreement or any of its rights or obligations hereunder without the consent in writing of the other party; provided that Seller may, without such consent, assign this Agreement and all its rights and obligations hereunder to any party which shall acquire all the assets of Seller, and Buyer may, without such consent, assign this Agreement and all its rights and obligations hereunder to any wholly owned subsidiary of Buyer; but neither of such assignments shall operate to relieve either Buyer or Seller of their respective obligations to the other hereunder. The provisions of this Section 5, shall not be construed to prohibit either party, without the consent of the other party, from mortgaging or pledging this Agreement or its rights hereunder to secure the payment of any bonds or other indebtedness of such party.

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6. *Modification:*

There shall be no modification of the terms and provisions hereof except by the formal execution of supplementary written contracts.

7. *State Laws:*

This Agreement shall be construed in accordance with the Laws of the State of Washington.

Seller and Buyer agree that this Agreement, as of the date hereof, shall supersede and cancel as of the date hereof all prior understandings and Agreements between the parties.

In Witness Whereof the parties hereto have hereunto caused their respective corporate seals to be affixed attested

by the hands of their proper officers duly authorized in that behalf, the day and year first above written.

SIGNED, SEALED AND DELIVERED:

WESTCOAST TRANSMISSION COMPANY LIMITED,

/s/ FRANK McMAHON
President

/s/ D. P. McDONALD
Vice President

PACIFIC NORTHWEST PIPELINE CORPORATION

/s/ C. R. WILLIAMS
President

/s/ LEON M. PAYNE
Secretary

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Hearing Exhibit No. 212

WESTCOAST TRANSMISSION COMPANY LIMITED
700 PACIFIC BUILDING
CALGARY, ALBERTA

May 25, 1957

Pacific Northwest Pipeline Corporation
P.O. Box 1526,
Salt Lake City, Utah

Gentlemen:

Pursuant to the provisions of Section 2, Article IV of the Gas Sales Contract between our Companies dated December 11, 1954, Westcoast Transmission Company Limited does hereby give you Notice that Westcoast has available to it Gas Purchase Contracts covering proven and recoverable reserves capable of delivering an additional 100 million cubic feet of gas per day over and above Pacific Northwest's maximum contract demand of 300 million cubic feet of gas per day set forth in Section 1 of the said Article IV of the said Agreement, over and above the requirements of Westcoast's markets in Canada. Such Gas Purchase Contracts are subject to the obtaining by Westcoast and by your Company of the required governmental authorizations permitting the sale and purchase at the International Border of both the 100 million cubic feet of gas per day under the terms of the original Gas Purchase Agreement of December 11, 1954 and the additional 100 million cubic feet of gas per day delivered at Sumas, Washington, as provided under the Agreement of May 25, 1957, between our respective Companies and, accordingly, this Notice is expressly made subject to the obtaining of such authorizations.

Yours very truly,

WESTCOAST TRANSMISSION COMPANY LIMITED
FRANK McMAHON

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Hearing Exhibit No. 213

PACIFIC NORTHWEST PIPELINE CORPORATION
P. O. BOX 1526
SALT LAKE CITY, UTAH

May 25, 1957

Westcoast Transmission Company Limited,
700 Pacific Building,
Calgary, Alberta.

Gentlemen:

We acknowledge receipt of your Notice given to this Company pursuant to the provisions of Section 2, Article IV of the Gas Sales Agreement made between Westcoast Transmission Company Limited (herein referred to as "Westcoast") as Seller, and Pacific Northwest Pipeline Corporation (herein referred to as "Pacific") as Buyer, dated the 11th day of December, 1954.

You are hereby notified that Pacific desires to increase its contract demand under the provisions of the Agreement above mentioned by the amount of 100 million cubic feet per day, the delivery of such increased volumes to commence on the 1st day of November, 1959. It is expressly understood that the availability of the hereinbefore stated amount of 100 million cubic feet per day is subject to the obtaining by Pacific and by your Company of the required Governmental authorizations permitting the sale and purchase at the International Board at Sumas, Washington, of both the said 100 million cubic feet of gas per day and the additional 100 million cubic feet of gas per day provided under the Agreement of May 25, 1957, between our respective Companies.

Yours very truly,

PACIFIC NORTHWEST PIPELINE CORPORATION
PAUL KAYSER

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Hearing Exhibit No. 215

PACIFIC NORTHWEST PIPELINE CORPORATION
POST OFFICE BOX 1526
SALT LAKE CITY 10, UTAH

June 8, 1957

Westcoast Transmission Company Limited
Pacific Building
Calgary, Alberta
Canada

Gentlemen:

Pacific Northwest Pipeline Corporation (Pacific) hereby proposes that the contract of May 25, 1957, with Westcoast Transmission Company Limited (Westcoast), providing for delivery of 100 million cubic feet of natural gas per day at the International Boundary near Sumas, Washington (herein referred to as "Sumas No. 2 Contract"), be supplemented in the following respects:

1. Westcoast shall sell and deliver and Pacific shall purchase and accept 50 million cubic feet of natural gas per day (herein referred to as "Additional Gas"), in addition to the volume provided for in the Sumas No. 2 Contract.

2. Delivery of the Additional Gas shall commence on January 1, 1962.

3. The price of the Additional Gas shall be as provided for the gas covered by the Sumas No. 2 Contract and such price shall be escalated from the same date that gas delivered under the Summas No. 2 Contract is escalated, so that the Additional Gas will at all times be priced the

same as gas concurrently being delivered under the Sumas No. 2 Contract.

4. Except as otherwise set forth herein, all terms of the Sumas No. 2 Contract shall govern the gas covered hereunder.

Very truly yours,

PACIFIC NORTHWEST PIPELINE CORPORATION
PAUL KAYSER
Chairman of the Board

Accepted and Agreed to June 10th, 1957.

WESTCOAST TRANSMISSION COMPANY LIMITED
FRANK McMAHON
President

6077

Hearing Exhibit No. 216

PACIFIC NORTHWEST PIPELINE CORPORATION
SALT LAKE CITY, UTAH

Fulton W. Copp
Vice President

November 26, 1957

Westcoast Transmission Company Limited
Pacific Building
Calgary, Alberta
Canada
Attention: D. P. McDonald, Esquire, Q.C., Vice President

Gentlemen:

The purpose of this letter is to set forth our understanding that Westcoast Transmission Company Limited agrees to demand and commodity rates which at a 90% load factor will result in a price of tweny-two and one quarter cents (22¼¢) per Mcf for gas delivered to Pacific Northwest Pipeline Corporation at a point on the International Boundary near Sumas, Washington, for the period beginning on the date of initial delivery and ending on December 31, 1958.

The price of 22¼¢ to be paid by Pacific for gas delivered to it by Westcoast Transmission for this initial period at a 90% load factor is in accordance with Paragraph 1 of Article V of the contract between the parties dated December 11, 1954:

Demand Charge: $1.13 per Mcf per month of Contract Demand

Commodity Charge: 18¢ per Mcf

In accordance with the contract of December 11, 1954, commencing on January 1, 1959, the average price to be

paid by Pacific to Westcoast Transmission for natural gas at a 90% load factor shall be twenty-two cents (22¢) per Mcf. Accordingly, the demand and commodity rates shall then be as follows:

Demand Charge: $1.095 per Mcf per month of Contract Demand
Commodity Charge: 18¢ per Mcf

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If the foregoing conforms to your understanding in this regard, please sign and return two copies of this letter.

Very truly yours,

FULTON W. COPP

AGREED AND ACCEPTED this 2nd day of December, 1957.

WESTCOAST TRANSMISSION COMPANY LIMITED
By D. P. McDONALD
Vice Pres.

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Hearing Exhibit No. 217

WESTCOAST TRANSMISSION COMPANY LIMITED
700 PACIFIC BUILDING
CALGARY, ALBERTA

May 25, 1957

Pacific Northwest Pipeline Corporation,
P.O. Box 1526,
Salt Lake City, Utah.

Gentlemen:

Westcoast Transmission Company Limited (Westcoast) hereby proposes to sell to Pacific Northwest Pipeline Corporation (Pacific) 150 million cubic feet of natural gas per day to be delivered to Pacific at a point on the International Boundary near Kingsgate, B. C.

The parties hereto agree to use their best efforts to deliver and accept the quantities of natural gas provided for hereunder commencing November 1, 1958, or such later date (subsequent to the issuance by the Federal Power Commission of all necessary certificates authorizing the importation of such gas into Pacific's system) by which each of the parties hereto shall have had an aggregate period of six months suitable for the construction of the pipeline facilities required to transport the said volumes of gas.

The parties hereto will enter into a formal agreement embodying the foregoing and other terms substantially as set forth in the proposed definitive agreement, a copy of which is hereto attached.

The arrangement between Westcoast and Pacific as herein set out is conditional upon both Westcoast and Pacific being granted all necessary governmental and regulatory permits and authorizations required to enable them to make

and take delivery of the volumes of gas herein proposed to be sold and purchased.

If the foregoing proposal is acceptable to Pacific, will you kindly so indicate on the copy of this letter and return the same to the undersigned.

Yours very truly,

WESTCOAST TRANSMISSION COMPANY LIMITED
FRANK McMAHON

Accepted and agreed to on May 25, 1957:

PACIFIC NORTHWEST PIPILINE CORPORATION
PAUL KAYSER

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Proof of May 25, 1957

AGREEMENT

BETWEEN

WESTCOAST TRANSMISSION COMPANY LIMITED

AND

PACIFIC NORTHWEST PIPELINE CORPORATION
[KINGSGATE]

Dated May , 1957.

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THIS AGREEMENT made this day of May, A. D. 1957.
BETWEEN:

WESTCOAST TRANSMISSION COMPANY LIMITED, a body corporate incorporated by Act of Parliament of Canada,

with head office at the City of Calgary, in the Province of Alberta,
(hereinafter called the "Seller")

OF THE FIRST PART:

AND:

PACIFIC NORTHWEST PIPELINE CORPORATION, a Delaware Corporation with an office at Salt Lake City, in the State of Utah, one of the United States of America (hereinafter called the "Buyer")

OF THE SECOND PART:

WITNESSETH that in consideration of the mutual covenants hereinafter set forth, IT IS MUTUALLY UNDERSTOOD AND AGREED by and between the parties hereto as follows:

ARTICLE I.

REPRESENTATIONS

1. *Seller's Representations:*

Seller represents that for the purpose of making the deliveries to Buyer of one hundred and fifty million cubic feet of gas per day, Seller will construct and operate a natural gas transmission line from gas fields in Southwestern Alberta to a point on the International Boundary near Kingsgate, British Columbia, where the said facilities of Seller will connect with an extension of the pipeline system of the Buyer.

2. *Buyer's Representations:*

Buyer represents that it proposes to extend its transmission line to a point on the Canadian-United States border in the State of Idaho near Kingsgate, British Columbia, and that it desires to purchase from Seller natural gas as hereinafter provided for delivery into its said facilities.

3. *Seller's Performance with Diligence:*

Seller agrees to proceed with diligence to procure all governmental authorities, permits and licenses (or amend those it already has procured) necessary for the construction and operation of the pipeline facilities to be constructed from Southwestern Alberta to the International Boundary near Kingsgate, British Columbia, and upon procuring or securing the amendment of the same to proceed with diligence with the construction of the said pipeline facilities as required to carry out the purpose and intention of this Agreement; and agrees at its cost and expense to furnish the exhibits and testimony to support Seller's gas reserves, deliverability, engineering, costs, feasibility, financing and all other Canadian phases of the sale hereunder required in connection with Buyer's applications for its authorizations required thereby. HOWEVER, upon the happening of any one of the following contingencies, to wit:

(a) The failure of the Buyer to procure from the Federal Power Commission on or before the 31st day of December, A. D. 1958, the necessary authorization for the construction and operation of the additional pipeline facilities in the United States required hereby; for the importation into the United States of the gas purchased hereunder and a Presidential Permit authorizing the facilities to import such gas into the United States;

(b) The issuance by the Federal Power Commission to the Buyer of an order denying Buyer's requests for the above mentioned authorizations;

(c) The failure of Seller to procure from the Provincial and Federal authorities in Canada on or before the 31st day of December, 1958, the necessary authori-

zations for the export of gas from Canada and the construction and operation of the additional pipeline facilities required to be constructed by the Seller to provide the service herein contemplated;

Seller shall have the right to terminate this contract by written notice to be delivered to Buyer not later than Thirty (30) days after the happening of such contingency.

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4. *Buyer's Performance with Diligence:*

Buyer agrees to proceed with diligence in its endeavours to procure all governmental authorities, permits and licenses necessary for the importation of the gas purchased hereunder; the construction and operation of the additional pipeline facilities to be constructed and operated by it and upon procuring the same, to proceed with diligence with the construction of the said additional pipeline facilities as required to carry out the purpose and intention of this Agreement and agrees at its cost and expense to furnish the exhibits and testimony to support Buyer's markets, feasibility and financing and all other United States phases of the sale and purchase hereunder required in connection with Seller's applications for its authorizations required thereby. HOWEVER, upon the happening of any one of the following contingencies, to wit:

(a) The failure of the Buyer to procure from the Federal Power Commission on or before the 31st day of December, A. D. 1958, the authorizations required for the construction and operation of the additional pipeline facilities in the United States required hereby, for the importation into the United States of the gas purchased hereunder and a Presidential Permit for the facilities to import such gas;

(b) The issuance by the Federal Commission to the Buyer of an order denying Buyer's requests for the above mentioned authorizations, or granting such authorizations with conditions or restrictions which are unacceptable to Buyer; or

(c) The failure of Seller to procure from the Provincial and Federal authorities in Canada on or before the 31st day of December, 1958, the necessary authorizations for the export of gas from Canada and the construction and operation of the additional pipeline facilities required to be constructed by the Seller to provide the service herein contemplated; or

Buyer shall have the right to terminate this contract by written notice to be delivered to Seller not later than Thirty (30) days after the happening of such contingency.

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5. *Non-Waiver of Remedies:*

The right of the Seller or the Buyer, as the case may be, to terminate this contract upon the happening of any of the contingencies described in Sections 3 and 4 of this Article I, shall not exclude any rights and remedies such party may have by reason of the other party's failure to proceed with diligence as above provided.

ARTICLE II.

TERM

1. Except as provided in Article I, this Agreement shall be and remain in force and effect from and after the date hereof until January First following the date of first delivery of gas hereunder, and thereafter for a period of Twenty (20) years, and from year to year thereafter until terminated on Eighteen (18) months' notice in writing given by either party to the other.

Article III.

Definitions

Except where the context expressly states another meaning the following terms when used in this Agreement shall have the following meanings:

1. The term *"day"* shall mean a period of Twenty-four (24) consecutive hours beginning and ending at Eight (8:00) A. M. Pacific Standard Time.

2. The term *"month"* shall mean the period beginning at Eight (8:00) A. M. on the First day of the calendar month and ending at Eight (8:00) A. M. on the First day of the next succeeding calendar month.

3. The term *"year"* shall mean a period of Twelve (12) consecutive months beginning with January First.

4. The term *"cubic foot"* shall mean the volume of gas which occupies One (1) cubic foot when such gas is at a temperature of Sixty

Degrees Fahrenheit (60° F.), and Fourteen and Nine-Tenths (14.9) pounds per square inch absolute.

5. The term *"Mcf"* shall mean One Thousand (1,000) cubic feet of gas.

6. The term *"British Thermal Unit"* shall mean the amount of heat required to raise the temperature of One (1) pounds of water One Degree Fahrenheit (1° F.) at Sixty Degrees Fahrenheit (60° F.).

7. The term *"total heating value"*, when applied to a cubic foot of gas, means the number of British Thermal Units produced by the combustion in a recording calorimeter at constant pressure, of the amount of gas which

would occupy a volume of One (1) cubic foot at a temperature of Sixty Degrees Fahrenheit (60° F.), if saturated with water vapor, and under a pressure equal to that of Thirty (30) inches of mercury at Thirty-two Degrees Fahrenheit (32° F.) and under standard gravitational force (acceleration Nine Hundred and Eighty and Six Hundred and Sixty-five Thousandths (980.665) cm. per second) with air of the same temperature and pressure as the gas, when the products of combustion are cooled to the initial temperature of the gas and air, and when the water formed by combustion is condensed to the liquid state.

8. The term "*contract demand*" shall be the maximum volume of natural gas which Seller shall be obligated to deliver to the Buyer and which Buyer has the right to demand from Seller on any day.

9. The term "*Buyer*" shall mean Pacific Northwest Pipeline Corporation.

10. The term "*Seller*" shall mean Westcoast Transmission Company Limited.

Article IV.

Sale and Purchase of Gas

1. *Contract Demand:*

The Buyer agrees to take and purchase from the Seller, and Seller agrees to sell and deliver to the Buyer One Hundred and Fifty Thou-

and Mcf. of natural gas per day at the rate of delivery hereinafter specified:—

	Contract Demand Mcf Per Day
(a) From the date of first delivery and throughout the term hereof	150,000

2. *Volumes in Excess of Contract Demand:*

The Seller, at Buyer's request, shall make gas available to the Buyer in excess of the Contract Demand in such volumes as, in the Seller's judgment, the Seller shall have available for delivery to the Buyer from time to time, but such deliveries shall not be construed as increasing the contract demand as herein contained.

Article V.

Price

1. *Price Schedule:*

Subject to the adjustments hereinafter provided for, the Seller agrees to sell and deliver and the Buyer agrees to accept and pay for all gas delivered by the Seller to the Buyer under the contract demand provisions hereof at demand and commodity rates which on a 90% load factor will result in the price of 25¢ per Mcf for the period following the first delivery of gas hereunder to the next succeeding January 1st and for each of the next succeeding three years; 26.3¢ for the fourth year; 26.8¢ for the fifth year; 27¢ for the sixth year; 27.4¢ for the seventh year, and thereafter commencing in the eight year up to and including the twentieth year the said price of 27.4¢ shall be progressively increased at the rate of 2/10ths of 1¢ per year. For gas actually delivered in excess of the contract demand on

each day during the month Buyer shall pay the price resulting from the application of the above described demand and commodity rates on a 100% load factor basis.

2. *Minimum Annual Bill:*

The minimum annual bill payable during each year shall be an amount equal to 90% of the revenues which would have resulted from

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the application of the demand and commodity rates above described on a 100% load factor use of the contract demand.

Any payment due under this section shall be due and payable with the December bill of each year.

In the event Seller fails to deliver on any day when requested by Buyer, 90% of the contract demand, then the minimum bill for the year shall be reduced by an amount equal to the total volume of such failure multiplied by the sum of (a) and (b):

(a) The commodity charge per Mcf.

(b) The demand charge per Mcf of Contract demand divided by the number of days in the month such deficiency occurred.

3. *Currency:*

All payments by the Buyer to the Seller shall be made in lawful money of the United States.

4. *Variation in Heating Value:*

In the event the arithmetical average of the computed daily gross heating value of the gas delivered by Seller to Buyer in any month is less than One Thousand (1,000) British Thermal Units per cubic foot, the total charge for such month shall be reduced in proportion to the deficiency

below One Thousand (1,000) British Thermal Units per cubic foot. Such reduction shall be determined by a fraction the numerator of which is the deficiency in total heating value of the gas accepted by Buyer during said month and the denominator of which is 1,000. Such reduction shall be reflected in the bill rendered for the month in which such gas was delivered to the buyer. Nothing set forth in this paragraph shall obligate the Buyer to purchase gas with a heating value of less than 950 Btu.

ARTICLE VI.

DELIVERY POINT AND PRESSURE

1. *Delivery Point:*

The gas to be delivered by Seller to Buyer under this Agreement shall be delivered at one (1) location on the International Boundary

6088

between the Province of British Columbia and the State of Idaho, near Kingsgate, British Columbia, the exact location to be mutually agreed upon.

2. *Delivery Pressure:*

The gas delivered to Buyer at the point of delivery shall be delivered within the range required for accurate metering as shall from time to time exist under operating conditions of the pipeline system of Seller at the point of delivery and at such varying pressures but not less than Five hundred pounds (500 psig) per square inch gauge as required to permit the operation of the Buyer's pipeline system as an integral part of the Seller's transmission system, and at a temperature not in excess of 110° F.

(6088)

Article VII.

Quality

1. *General Specifications:*

All gas delivered by Seller to Buyer shall be merchantable natural gas containing a total heating value of at least 950 Btu per cubic foot at all times complying with the following quality requirements:

(a) The gas shall be reasonably free from objectionable liquids or solids.

(b) The gas shall not contain more than one (1) grain per hundred (100) cubic feet of hydrogen sulphide and not more than twenty (20) grains of total sulphur per hundred (100) cubic feet.

(c) The gas shall not contain in excess of one per cent (1%) by volume of oxygen.

(d) Liquids:

All gas to be delivered hereunder shall be dehydrated by Seller so that no freezing or other difficulties attributable to water content shall occur at the point of delivery. Provided however that in no event shall the gas delivered hereunder have a water content in excess of

(6089)

Seven (7) pounds of water per million cubic feet of gas measured at a pressure base of 14.9 pounds per square inch gauge and a temperature of Sixty Degrees Fahrenheit (60°) as determined by dewpoint apparatus approved by the United States Bureau of Mines. Nor shall Seller be obligated to reduce water content to less than four pounds of water per million cubic feet measured on the same basis.

2. *Additional Specifications:*

All gas delivered by Seller to Buyer which is physically delivered by Buyer for consumption in California markets shall conform to the following specifications:

(a) *Oxygen:*

The gas shall not at any time have an oxygen content in excess of 0.2 of one per cent by volume and Seller shall make every reasonable effort to keep the gas free of oxygen and nitrogen.

(b) *Liquids:*

All gas to be delivered hereunder shall be dehydrated by Seller and shall in no event have a water content in excess of four pounds of water per one million cubic feet of gas measured at a pressure base of 14.9 pounds per square inch gauge and at a temperature of 60° F. as determined by dew point apparatus approved by the U. S. Bureau of Mines.

(c) *Hydrogen Sulphide:*

The gas shall not contain more than 0.25 of one grain of hydrogen sulphide per one hundred (100) standard cubic feet.

(d) *Organic Sulphur:*

The gas shall not contain more than 5 grains of organic sulphur (mercaptans) per hundred (100) standard cubic feet.

(e) *Carbon Dioxide:*

The gas shall not have a carbon dioxide content in excess of one per cent by volume.

(f) *Dust, Gums, etc.:*

The gas shall be commercially free of dust, gums, and other solid matter.

(g) *Heating Value:*

The gas shall have a total heating value per cubic foot of not less than 950 Btu.

3. *Failure to Meet Specifications:*

If the gas offered for delivery by Seller hereunder shall fail at any time to conform to any of the specifications set forth in the above paragraphs 1 and 2 of this Article VII then Buyer agrees to notify Seller of such deficiency and if Seller fails promptly to remedy any deficiency in quality as specified herein, then Buyer may, at its option, refuse to accept delivery pending correction by Seller, or may accept delivery of such gas and may make changes necessary to bring such gas into conformity with such specifications, and Seller shall reimburse Buyer for any reasonable expense incurred by it in effecting such changes.

4. *Processing:*

The term *"natural gas"* means natural gas obtained from the wells or residue remaining after the natural gas has been subjected to any or all of the following permissible processes:

(a) The removal from the natural gas as obtained from the wells of any of its constituent parts other than methane, and the removal of methane to such extent as is necessary in removing other constituents.

(b) The subjection of the gas to compression, regulations, cooling, cleaning, or any other chemical or physical process, to such extent as may be required in

its production, gathering, transmission, storage, removal from storage and delivery to Buyer, but no dilutents such as air or nitrogen shall be added.

6091

ARTICLE VIII.

MEASUREMENT

1. *Unit of Volume:*

The unit of volume of gas for all purposes hereunder (except for computation of heating value under the provisions of Section 7 of Article III hereof) shall be One (1) cubic foot at an absolute pressure of Fourteen and nine-tenths (14.9) pounds per square inch at a temperature of Sixty Degrees Fahrenheit (60° F.), computed in accordance with Boyle's Law governing pressure and volume of gases (with corrections for deviation as hereinafter provided).

2. *Determination of Volume:*

The volume of gas delivered hereunder if measured by an orifice meter shall be computed in accordance with the methods prescribed in Gas Measurements Committee Report No. 2, Natural Gas Department, American Gas Association, including the Appendix thereto, as published May 6, 1935 and revised in 1948. If gas delivered hereunder is measured with a positive displacement meter, the volumes delivered at flowing pressures and temperatures shall be corrected by the application of proper correction factors for (i) absolute static pressure, (ii) flowing temperature, and (iii) deviation from Boyle's Law as set forth in the above noted Report.

3. *Deviation from Boyle's Law:*

The deviation of the gas from Boyle's Law at the pressures and temperatures at which the gas is metered shall

be determined by tests or analyses at intervals of Six (6) months. The method of making such tests or analyses shall be determined by mutual agreement, but in the event of the inability of the parties to agree, shall be made by a laboratory selected by the parties, whose tests or analyses shall be accepted as final. The results of each such determination shall be used in computing the volumes of gas delivered hereunder during the Six (6) calendar months next following the taking of the sample from which such determination is made.

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4. *Specific Gravity:*

The specific gravity of the gas delivered shall be determined by means of recording gravitometer to be installed on the upstream side of Seller's meter at the point where the gas is metered, and the arithmetic average specific gravity each day at such point shall be used in computing deliveries of gas during the day at such points.

5. *Flowing Temperatures:*

The flowing temperature of the gas in the meters shall be determined by means of a recording thermometer to be installed in accordance with the recommendations contained in the said Gas Measurement Report No. 2, and the arithmetic average temperature each day shall be used in computing the deliveries of gas during such day.

6. *Assumed Atmospheric Pressure:*

For the purpose of gas delivered at near Kingsgate, British Columbia, the average absolute atmospheric pressure shall be determined for the actual elevation and location of the point of delivery.

7. *Heating Value:*

The heating value of the gas delivered hereunder shall be determined by means of a recording calorimeter using the Thomas principle of calorimetry or its equal.

Article IX.

Measuring Equipment

1. *Buyer's and Seller's Measuring Stations:*

The Seller shall install, maintain and operate at its own expense equipment required for the measurement of the volumes, temperatures and heating values of all gas delivered hereunder on the Canadian side of the International Boundary at the place of delivery. Buyer shall install, maintain and operate at its own expense equipment required for the check measurement of the volumes, temperatures and heating

values of all gas delivered hereunder at a point on the United States side of the International Boundary at the place of delivery. Each party shall have access to the measuring equipment of the other party at all reasonable hours, but the calibrating and adjusting of each party's measuring equipment and the changing of charts shall be done only by each party respectively. Each party shall mail to the other party for checking and calculation of volume and temperature, meter charts used in measurement of gas delivered hereunder within Five (5) days after the last chart for each billing period is removed from the meter. Such charts shall be returned to the other party within Ten (10) days after receipt thereof.

2. *Right To Be Present:*

Seller and Buyer shall each have the right to be present at the time of any installing, testing, cleaning, changing,

repairing, inspecting, calibrating, or adjusting, done in connection with the measuring equipment of the other used in measuring deliveries hereunder, and shall be given reasonable notice thereof in order that it may be present.

3. *Determination of Volume and Heating Value:*

The volume of gas delivered by Seller to Buyer and received by the Buyer, and total heating value thereof, shall be determined by the arithmetical average of the volumes of gas measured by each of the measuring equipment of each of the parties and the total heating value measured by each of the measuring equipment of each of the parties.

4. *Calibration and Test of Meters:*

The accuracy of the measuring equipment at the point of delivery shall be verified at reasonable intervals, and whenever requested by Buyer or Seller. If upon such verification, the measuring equipment shall be found to be registering correctly, the cost of such verification shall be charged to, and borne by the party requesting the same; otherwise the cost of all such verifications shall be borne by the other party.

If, upon any test, measuring equipment is found to be not more than two percent (2%) fast or slow, previous readings of such equipment shall be considered correct in computing the deliveries or gas hereunder, but such equipment shall be adjusted properly at once to

record accurately. If, upon any test, any measuring equipment shall be found to be inaccurate by an amount exceeding Two Percent (2%), then any previous readings of such equipment shall be corrected to zero error for any period which is known definitely or agreed upon, but in case the period is not known definitely or agreed upon such correction shall be for a period covering the last half of the time

elapsed since the date of the last test, but not exceeding a period of Fifteen (15) days.

5. *Correction of Metering Errors:*

In the event the measuring equipment is out of service or out of repair so that the quantity of gas delivered is not correctly indicated by the reading thereof, the gas delivered through the period such measuring equipment is out of service or out of repair shall be estimated and agreed upon on the basis of the best data available using the first of the following methods which is feasible:

(a) By using the registration of any check measuring equipment accurately registering; or

(b) By correcting the error if the percentage of error is ascertained by calibration, test or mathematical calculations; or

(c) By estimating the quantity of delivery by deliveries during preceding periods under similar conditions when the meter was registering accurately.

6. *Preservation of Records:*

Both Buyer and Seller shall cause to be preserved for a period of at least Ten (10) years all test data, charts and other records of gas measurements.

Article X.

Obligations of Buyer and Seller

1. *Operation of Seller's System:*

Seller shall to the best of its ability operate its pipeline system in such manner that it shall be capable of delivering a quantity of gas equal to the contract demand on each day when Buyer's requirements

are equal to such contract demand. Except as provided in Article IV, Section 2 hereof, Seller shall not, however, be obliged to deliver gas in excess of the contract demand except to the extent that Seller elects to make such gas available.

2. *Estimates of Excess Gas by Seller:*

Upon written request of Buyer, made not less than thirty (30) days in advance, Seller shall annually, on or before September First, furnish Buyer with an estimate in writing as to the average daily quantity of gas in excess of the contract demand which Seller expects to have available for delivery to Buyer at Buyer's point of delivery during each month of the ensuing calendar year, but nothing contained in such estimates shall increase Seller's obligations to deliver gas.

3. *Curtailments and Limitations:*

Buyer shall limit its takings of gas in order to comply with notices given by Seller as provided in this Section 3. Not less than Four (4) hours before the beginning of any day, Seller may give notice to Buyer limiting the taking of gas during the day for which such notice is given to the contract demand; any notice so given may be rescinded by Seller at any time. Whenever, before or during any day, including a day for which a notice has been given under the preceding sentence, it appears likely to Seller that the quantity of gas delivered to Buyer during such day may for any reason exceed the contract demand for such delivery point, then Seller may give notice to Buyer to curtail the taking of such quantity of interruptible gas as is specified in such notice. The quantity of gas specified in any such notice may be changed on notice at any time and from time to time. In the case of any initial curtailment in the quantity of in-

terruptible gas, or of any subsequent increase in the quantity curtailed, Seller shall give Buyer notice not less than four (4) hours, or such shorter period as Buyer may agree to, in advance of each such curtailment or increase.

4. *Information for Billing, Dispatching and Forecasting:*

Seller and Buyer shall furnish each other, upon request, such meter charts and other information and data as is reasonably appropriate for the purpose of billing and dispatching gas hereunder, and Seller and

Buyer shall have the right to audit each other's books and records for such purposes at any reasonable time. Seller and Buyer will make available to each other upon request such information and data as is reasonably necessary for the analysis and forecast of Buyer's gas requirements and the quantity of gas which Seller will have available therefor.

Article XI.

Statements and Payments

1. *Billing:*

On or before the Fifteenth (15th) day of each calendar month, Seller shall render a statement to Buyer for all natural gas delivered to Buyer under this Agreement during the preceding calendar month. Such statement shall set forth the complete computation or basis of determination of the quantities, amounts or other data used in computing the statement. Each party shall have the right at all reasonable times to examine the books, records and charts of the other party, to the extent necessary to verify the accuracy of any statement, charge or computation made under or pursuant to any of the provisions of this Agreement.

(6096)

2. *Payments:*

Buyer shall pay to Seller, at Seller's office at the place from time to time specified in accordance with the provisions of Section 2 of Article XV, on or before the Twenty-fifth (25th) day of each month for the natural gas delivered under this Agreement by Seller to Buyer during the preceding calendar month as billed by Seller in the statement for said month.

3. *Adjustments for Over and Under Billing:*

In the event an error is discovered in the amount billed in any statement rendered by Seller, such error shall be adjusted within thirty (30) days of the determination thereof provided that claim therefor shall have been made within sixty (60) days from the date of discovery of such error, but in any event, within twelve (12) months from the date of payment.

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ARTICLE XII.

POSSESSION OF GAS

1. *Point of Delivery Controls:*

As between the parties to the gas sales contract, Seller shall be deemed to be in control and possession of the gas deliverable thereunder until it shall have been delivered to Buyer at the point of delivery, after which Buyer shall be deemed to be in control and possession thereof.

2. *Responsibility:*

Buyer shall have no responsibility with respect to any gas deliverable under the gas sales contract until it is delivered into the facilities of the Buyer, or on account of anything which may be done, happen or arise with respect to such gas before such delivery and Seller shall have no

responsibility with respect to such gas after its delivery into the facilities of Buyer or on account of anything which may be done, happen or arise with respect to such gas after such delivery except as provided in Sections 2 and 3 of Article VII.

Article XIII.

Warranty and Title of Gas

1. The Seller warrants generally the title to all gas delivered to the Buyer hereunder and its right to sell the same, and warrants that such gas shall be free and clear of all liens and adverse claims.

Article XIV.

Force Majeure

1. No failure or delay in performance of this Agreement by either party hereto shall be deemed to be a breach of this Agreement when such failure or delay is occasioned by or due to any Act of God, strikes,

lockouts, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of rulers and peoples, civil disturbances, explosions, sabotage, breakage or accident to machinery or lines of pipe, temporary or permanent failure of gas supply, inability to obtain pipe, materials or equipment, the binding order of any court or governmental authority, or any other cause, whether of the kind herein enumerated or otherwise, not within the control of the party claiming suspension; provided that no cause or contingency shall relieve Buyer of its obligation to make payment for gas delivered hereunder.

Article XV.

Miscellaneous

1. *Non-Waiver of Future Default:*

No waiver by either party of any one or more defaults by the other in the performance of any of the provisions of this contract shall operate or be construed as a waiver of any other or further default or defaults, whether of a like or of a different character.

2. *Notices:*

Except as herein otherwise provided, any notice, request, demand, statement or bill provided for in this contract, or any notice which either party may desire to give to the other, shall be in writing and shall be considered as fully delivered when mailed by registered mail to the post office address of either of the parties hereto, as the case may be, as follows:

Seller: Westcoast Transmission Company Limited,
7th Floor, Petroleum Building,
Calgary, Alberta;

Buyer: Pacific Northwest Pipeline Corporation
P. O. Box 1526
Salt Lake City, Utah.

or at such other address as either party shall designate by formal written notice. Routine communications, including monthly statements

and payments, shall be considered as duly delivered when mailed by either registered or ordinary mail.

3. *Examination of Records:*

Each party shall have the right to examine at reasonable times the books, records and charts of the other party to the

extent necessary to verify the accuracy of any statement, charge, computation or demand made under or pursuant to any of the provisions of this contract.

4. *Compliance with Laws:*

This contract and the respective obligations of the parties hereunder are subject to present and future valid laws and valid orders, rules and regulations of duly constituted authorities having jurisdiction, but in no event shall Buyer be obligated to pay more for gas delivered hereunder than the prices set forth in this contract.

5. *Assignment:*

Neither party hereto shall assign this Agreement or any of its rights or obligations hereunder without the consent in writing of the other party; provided that Seller may, without such consent, assign this Agreement and all its rights and obligations hereunder to any party which shall acquire all the assets of Seller, and Buyer may, without such consent, assign this Agreement and all its rights and obligations hereunder to any wholly owned subsidiary of Buyer; but neither of such assignments shall operate to relieve either Buyer or Seller of their respective obligations to the other hereunder. The provisions of this Section 5, shall not be construed to prohibit either party, without the consent of the other party, from mortgaging or pledging this Agreement or its rights hereunder to secure the payment of any bonds or other indebtedness of such party.

6. *Modification:*

There shall be no modification of the terms and provisions hereof except by the formal execution of supplementary written contracts.

7. *State Laws:*

This Agreement shall be construed in accordance with the Laws of the State of Washington.

IN WITNESS WHEREOF the parties hereto have hereunto caused their respective corporate seals to be affixed attested by the hands of their proper officers duly authorized in that behalf, the day and year first above written.

SIGNED, SEALED
AND DELIVERED:

WESTCOAST TRANSMISSION COMPANY LIMITED

.....

President

.....

Vice President

PACIFIC NORTHWEST PIPELINE CORPORATION

.....

President

.....

Secretary

6101

Hearing Exhibit No. 218

WESTCOAST TRANSMISSION COMPANY LIMITED
700 PACIFIC BUILDING
CALGARY, ALBERTA

December 9, 1957

Pacific Northwest Pipeline Corporation,
P. O. Box 1526,
Salt Lake City, Utah.

Gentlemen:

We refer to the Agreement between our respective companies, Westcoast Transmission Company Limited (Westcoast) and Pacific Northwest Pipeline Corporation (Pacific), contained in our letter to you dated May 25, 1957 and accepted by you on the same date, whereby our companies agreed to deliver and accept 150,000,000 cubic feet of gas per day to be delivered by Westcoast to Pacific at a point on the International Boundary near Kingsgate, British Columbia.

This letter is to confirm the further agreement between our companies that the definitive agreement to be entered into pursuant to the hereinbefore mentioned agreement dated May 25, 1957 shall provide that notwithstanding the price provisions set forth in Article V in the Proof of May 25, 1957 of the proposed definitive agreement the amount of money to be paid each month for gas delivered and purchased shall not be less than the full cost of service incurred by Westcoast in purchasing and transmitting the gas to Kingsgate, including an annual rate of return of 7½% on the net investment in the facilities required for such delivery of gas from time to time, such cost of service to be determined substantially in accordance with the rules and regulations of the Federal Power Commission.

If the foregoing is in accordance with your understanding of the agreement between us, will you kindly so indicate on the copy of this letter and return the same to the undersigned.

Yours very truly,

WESTCOAST TRANSMISSION COMPANY LIMITED

By FRANK McMAHON

ACCEPTED AND AGREED TO,
on 9th of December, 1957,

PACIFIC NORTHWEST PIPELINE CORPORATION,

By PAUL KAYSER

6113

Hearing Exhibit No. 220

PACIFIC NORTHWEST PIPELINE CORPORATION

FPC DOCKETS—PNW CERTIFICATE APPLICATIONS

Subject	Date Application Filed	First Hearing Date	Certificate Date and Order No.
Original construction and operation of pipeline from San Juan Basin to State of Washington.	6/28/50	4/8/52	6/18/54 Order #271
Import and Export Application	5/19/55	7/18/55	11/25/55 Order #289
Presidential Permit	5/19/55	7/18/55	11/25/55 Order #289
Certificate of Public Convenience and Necessity for the Construction and Operation of Facilities to Import and Export Natural Gas.	5/19/55	7/18/55	11/25/55 Order #289
Temporary Certificate authorizing sale of natural gas to El Paso Natural Gas Company until commencement of operations.	8/22/55	7/23/56	8/20/56
Increase Walla Walla lateral pipe size and also length.	2/20/56	4/23/56	5/8/56
Construct and operate facilities and sales to Vernal, Utah.	2/20/56	6/7/56	6/18/56
Increase pipe size of Yakima-Wenatchee Lateral.	2/20/56	4/23/56	5/8/56
Facilities and sales to Union Carbide Nuclear Company at Uravan, Colorado and Vanadium Corporation of America at Nucla, Colorado.	2/27/56	4/23/56	5/8/56
Deliver gas to Colorado Interstate Gas Company near Ignacio, Colorado rather than Rock Springs, Wyoming. Also receive gas from El Paso Natural Gas Company for Colorado Interstate under their exchange agreement.	3/2/56	8/21/56	9/5/56

(6114)

6114

Docket Number	Subject	Date Application Filed	First Hearing Date	Cert. Date Order
G-10260	Construct, maintain and operate certain facilities required to receive natural gas from Rangely Field in Colorado and to transport to Pacific's main line.	4/13/56	12/17/57	1
G-10425	Construct, maintain and operate facilities required to receive natural gas from the Bar-X Field and to transport to a point near Mack, Colorado.	5/18/56	3/18/57	1
G-10426	Construct, maintain and operate facilities to deliver natural gas to Mountain Fuel Supply Company near Green River, Wyoming to increase pressure at which gas may be delivered to Colorado Interstate Gas Company and to increase maximum daily deliveries to Colorado Interstate near Green River, Wyoming.	5/18/56	11/12/57	11
G-10455	Increase maximum deliveries to Colorado Interstate Gas Company from 117,500 Mcfd to 235,000 Mcfd at a point approximately 30 miles southwest of Rock Springs, Wyoming.	5/22/56	1/7/57	Petition Withdrawn filed
G-10911	Construct, maintain and operate facilities to sell and deliver natural gas to Cascade Natural Gas Corporation for distribution in Athena and Weston, Oregon.	8/14/56	1/31/57	1
G-10968	Construct, maintain and operate facilities to sell and deliver natural gas to Intermountain Gas Company, Inc. for distribution in Bancroft and Kimberly, Idaho.	8/24/56	1/10/57	1

6115

Subject	Date Application Filed	First Hearing Date	Certificate Date and Order No.
Construct, maintain and operate facilities and deliver natural gas to Western Slope Gas Company in Sec. 29, T 7 South, R 102 West, Garfield County, Colorado.	9/17/56	1/3/57	1/10/57
Construct, maintain and operate facilities to sell and deliver natural gas to Intermountain Gas Company, Inc. for distribution in Declo, Idaho.	11/6/56	2/7/57	2/14/57
Construct and operate facilities to sell natural gas to Utah Gas Service Company for resale to Uinta Oil and Refining Company south of Vernal, Utah.	1/11/57	5/7/57	5/21/57
Construct and operate sales lateral and make sales to Northwestern Portland Cement Company near Grotto, Washington.	3/14/57	7/15/57	7/19/57
Construct and operate sales lateral and make sale to Union Carbide Nuclear Company near Slick Rock, Colorado.	3/21/57	7/15/57	7/19/57
Construct and operate sales lateral and sales to the Bunker Hill Company near Kellog, Idaho.	4/1/57	7/15/57	7/19/57
Construct and operate sales lateral and sales measuring and regulating station and sell natural gas to U & I Sugar Company and City of Moses Lake, at Moses Lake, Washington.	5/6/57	8/8/57	8/19/57
Install sales measuring and regulating station and make sales to Intermountain Gas Company for distribution in Blackfoot, Shelley and Idaho Falls, Idaho.	5/17/57	8/8/57	8/19/57
Install main line tap and valve in Gar-Mesa Field to take Beehive Uranium Corp. and Standard Uranium Corp. natural gas.	6/25/57	9/10/58	Temporary 8/21/57

Docket Number	Subject	Date Application Filed	First Hearing Date	Co... In... Or...
G-12793	Construct and operate sales and measuring and regulating stations and to sell natural gas to San Francisco Chemical Co. near Sage, Wyoming.	6/25/57	8/29/57	
G-12828	Construct, maintain and operate facilities to sell and deliver natural gas to Eastern Washington Natural Gas Company, Inc. for distribution in Ritzville, Washington.	7/1/57	9/10/57	
G-13018	Abandon facilities in favor of El Paso Natural Gas Company.	8/7/57	9/17/58	
G-13253	Construct, maintain and operate facilities to sell and deliver natural gas to Pacific Natural Gas Co. for distribution in communities of Woodland, Castle Rock, Snohomish and Monroe, Washington.	9/11/57	12/11/57	
G-13456	Construct, maintain and operate facilities required to receive gas from certain acreage of Gulf Oil, Kadane, Vandeveer and Vanson in the South Rangely area of Rio Blanco County, Colorado.	10/15/57	4/15/58	
G-13651	Construct, maintain and operate facilities and sell and deliver natural gas to Menan Starch Company, Moses Lake, Washington.	11/5/57	1/23/58	
G-13863	Construct and operate 440 hp compressor station together with necessary related facilities in Mesa County, Colorado.	12/6/57	7/23/58	
G-13878	Increase deliveries to El Paso Natural Gas Co. at Sumas, Washington, 50,000 Mcfd to 100,000 Mcfd and make like exchange at Ignacio, Colorado.	12/9/57		
G-14561	Install and operate 30" loop pipeline of Big Piney Supply Lateral.	2/24/58	9/11/58	

6117

Subject	Date Application Filed	First Hearing Date	Certificate Date and Order No.
Construct and operate necessary related facilities to sell and deliver natural gas to Eastern Washington Natural Gas Co. for general distribution in Endicott, Washington and environs.	4/14/58	7/8/58	7/16/58
Construct and operate facilities to sell and deliver natural gas to Utah Gas Service Co. for distribution in Flaming Gorge Village (Dutch John, Utah) and environs.	5/13/58	8/26/58	9/8/58
To sell and deliver natural gas to El Paso Natural Gas Company Under Gas Loan Agreement—San Juan Basin. Deliveries to begin on date Pacific initiates operation of Big Piney Loop Lateral.	7/10/58		
Construct and operate necessary facilities to sell and deliver natural gas to Mountain Fuel Supply Company under Gas Exchange Agreement dated July 1, 1958. Big Piney Area.	7/11/58		
Construct and operate necessary facilities to sell and deliver natural gas to Cascade Natural Gas Corp. for general distribution in Burbank Heights, Washington and environs.	8/18/58		
Construct and operate necessary facilities to sell and deliver natural gas to Northwest Natural Gas Co. for general distribution in The Dalles, Oregon and environs.	8/22/58		
Construct, maintain and operate facilities to purchase and receive natural gas from Belfer Natural Gas, Carter Oil and Pan American Petroleum from East La Barge Unit—Big Piney Area—Wyoming.	9/3/58		
Construct and operate certain facilities to sell and deliver natural gas to El Paso Natural Gas Company near Rock Springs, Wyoming	9/10/58		

Docket Number	Subject	Date Application Filed	First Hearing Date	Cert Date Ord
G-16237	Application to abandon gas service to Colorado Interstate Gas Company conditioned on commencement of operation by PNW-CIG-EP per Memorandum Agreement dated 7/18/58.	9/10/58		
G-16274	Construct and operate necessary facilities to sell and deliver natural gas to The Washington Water Power Co. for general distribution in Post Falls, Idaho and environs.	9/10/58		

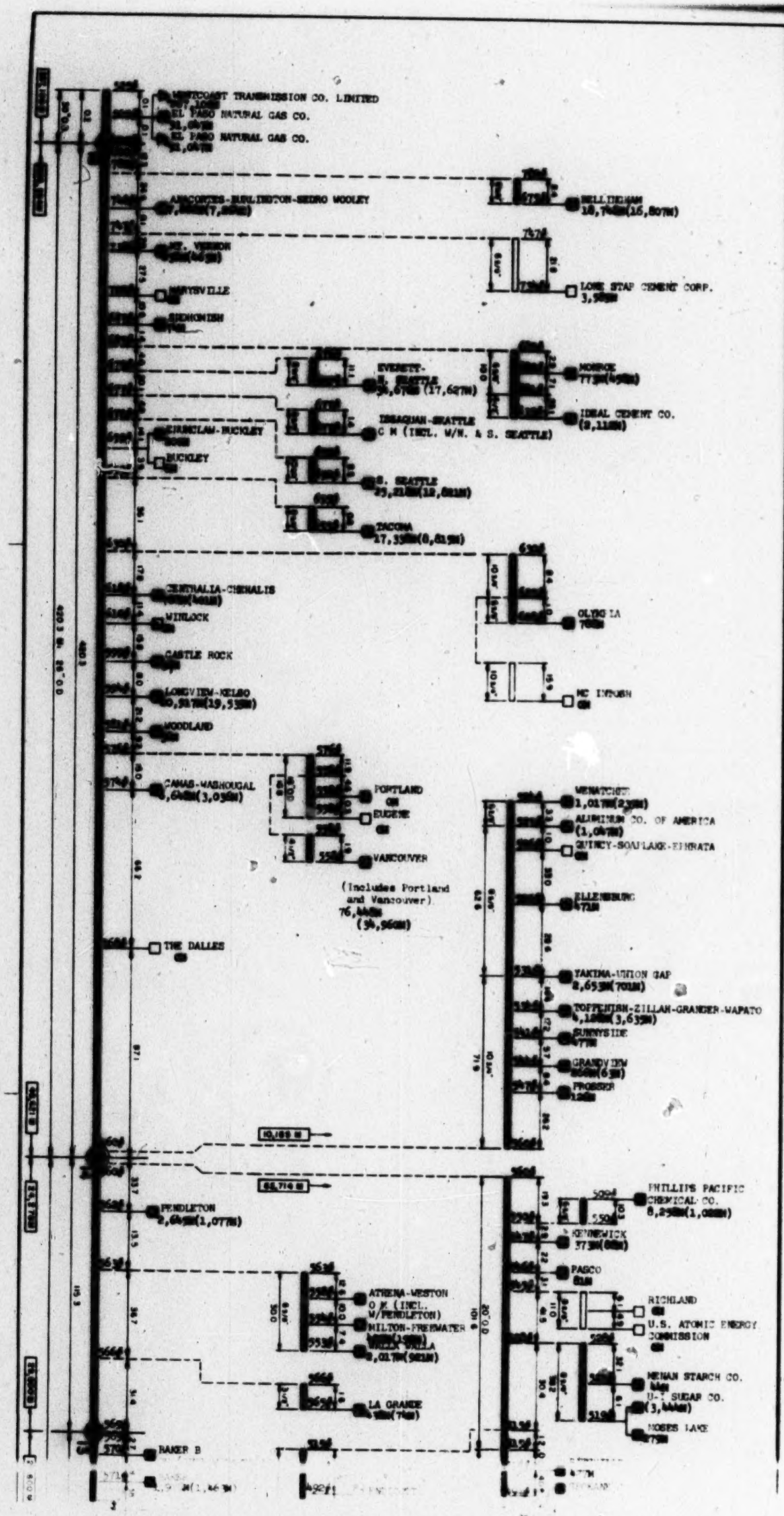
6676

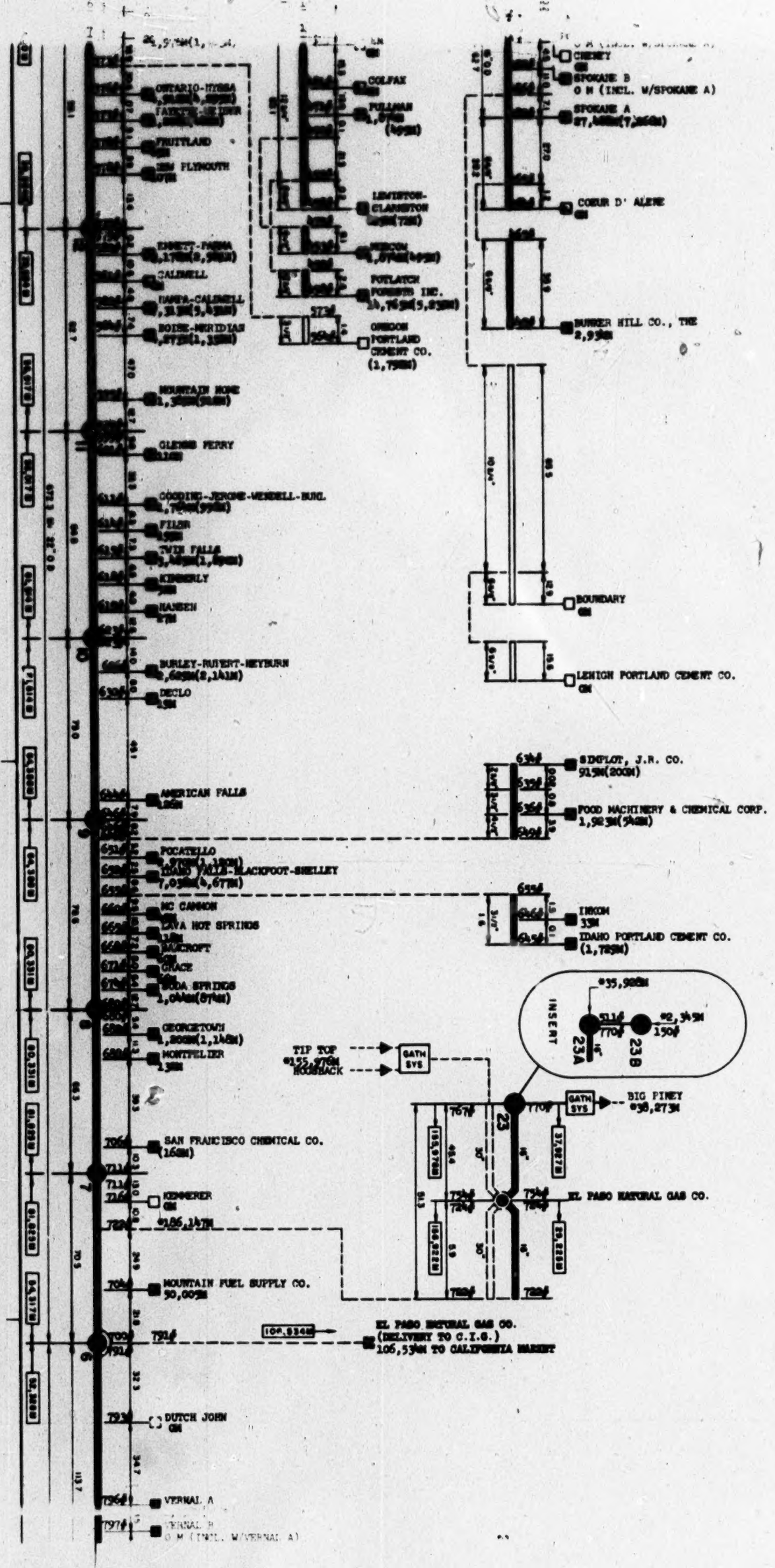
Hearing Exhibit No. 337

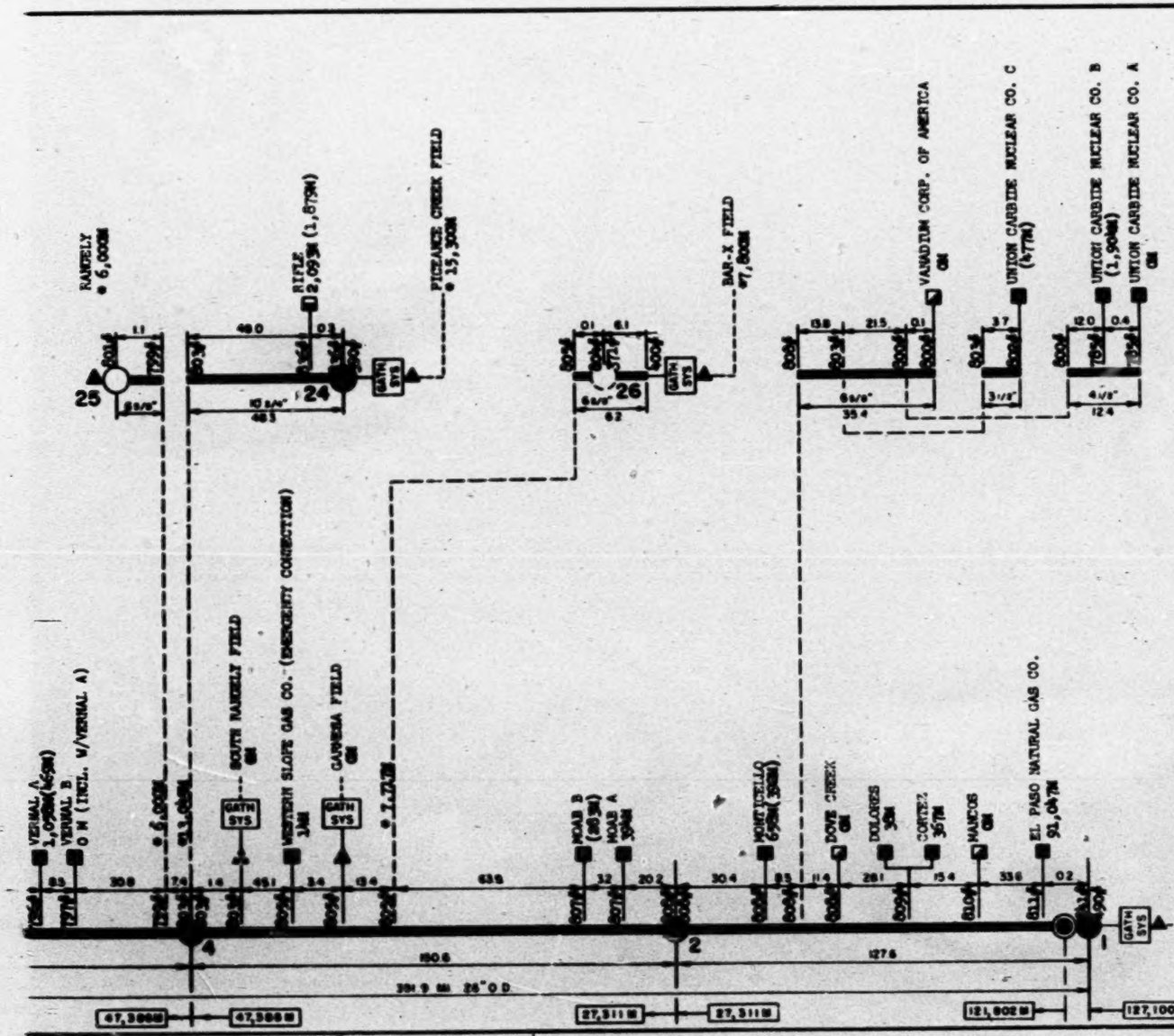
PACIFIC NORTHWEST PIPELINE CORPORATION

EXHIBIT G

FLOW DIAGRAM SHOWING DAILY DESIGN CAPACITY AND REFLECTING OPERATION WITH PROPOSED FACILITIES ADDED


NORTHWEST PIPELINE CORPORATION
EFFECTIVE DATE: 10-1-57


ONTARIO-WYBA
FAIRVIEW-HEYBURN
FRUITLAND
NEW PLYMOUTH
EMMETT-PARMA
CALDWELL
NAMPA-CALDWELL
BOISE-MERIDIAN
MOUNTAIN HOME
GLENNS FERRY
GOODING-JEROME-WENDELL-BURG.
FILER
TWIN FALLS
KIMBERLY
HANSEN
BURLEY-RUPERT-HEYBURN
DECLO
AMERICAN FALLS
POCATELLO
IDAHO FALLS-BLACKFOOT-SHELLEY
MC CAMMON
LAVA HOT SPRINGS
DAVCROFT
GRACE
SODA SPRINGS
GEORGETOWN
MONTPELIER
SAN FRANCISCO CHEMICAL CO.
(16MM)
KEMMERER
GM
MOUNTAIN FUEL SUPPLY CO.
DUTCH JOHN
GM
VERNAL A
VERNAL B
O M (INCL. W/VERNAL A)
COLFAX
PULLMAN
LEWISTON-CLARKSTON
MOSCOW
POTLATCH FORESTS INC.
OREGON PORTLAND CEMENT CO.
(1,75MM)
CHENEY
SPOKANE B
O M (INCL. W/SPOKANE A)
SPOKANE A
COEUR D' ALENE
BUNKER HILL CO., THE
2,95M
BOUNDARY
GM
LEHIGH PORTLAND CEMENT CO.
GM
SIMPLOT, J.R. CO.
915M(200M)
FOOD MACHINERY & CHEMICAL CORP.
1,983M(5MM)
INKOM
33M
IDAHO PORTLAND CEMENT CO.
(1,78M)
*35,90M
INSERT
23A
23B
*2,345M
150¢
TIP TOP
*155,97M
ROSEBACK
GATH SYS
BIG PINEY
*38,273M
23
EL PASO NATURAL GAS CO.
EL PASO NATURAL GAS CO.
(DELIVERY TO C.I.G.)
106,53M TO CALIFORNIA MARKET



COMPRESSOR STATION DATA

STATION NUMBER	HORSEPOWER AUTHORIZED	HORSEPOWER INSTALLED	HORSEPOWER PROJ. ADD.	HORSEPOWER REQUIRED	ALTITUDE IN FEET	FACTOR	MCF/D PUMPED	PRESSURE IN	PRESSURE OUT	COMPRESSION RATIO	FUEL GAS MCF/D
1	12000	12000	0	3558	6643	(3) 0.860 (2) 1.000	107,126	407	843	1.74	853
14	2000	2000	0	696	6643	0.860	18,907	407	818	1.68	198
2	8000	8000	0	0	5971	0.815	27,311	808	868	1.88	0
4	8000	8000	0	468	5500	0.854	47,388	803	883	1.88	111
6	6000	6000	0	0	6118	0.881	47,388	707	818	1.13	0
7	6000	6000	0	0	6530	0.817	27,311	718	818	1.13	0
8	6000	6000	0	0	6340	0.868	27,311	688	818	1.88	0
9	6000	6000	0	0	5615	0.891	47,388	643	818	1.88	0
10	6000	6000	0	0	4869	0.914	47,388	643	818	1.88	0
11	4500	4500	0	0	3190	0.938	47,388	643	818	1.88	0
12	4500	4500	0	0	2497	0.917	47,388	643	818	1.88	0
13	4000	4000	0	0	3400	0.976	47,388	643	818	1.88	0
14	8000	8000	0	6589	313	0.976	85,534	643	818	1.88	1,966
15	(1)	1300	0	231	40	0.729	8,860	643	818	1.88	55
234	3300	3300	0	1213	7333	0.729	37,847	643	818	1.88	201
24	660	660	0	660	7333	0.729	15,142	643	818	1.88	198
25	2800	Certificated but not installed		347	7652	0.733	7,717	388	811	2.80	83
26	640	0		0	4800	1.000					

(1) Gathering Facilities

Pipe Lines
- Constructed
- Certificate
- Certificate

Compressor Stations
- Constructed
- Certificate
- Certificate

Process Plant (Existi
- Constructed
- Future

1. All pressures sho
2. Total gas sales a
3. Volumes in ( ) re
4. Volumes following
5. Volumes in

FPC DOCKET No G-
EXHIBIT G 6677
PAGE OF

LEGEND

ines

Constructed
Certificated, but not constructed
Certificate applied for

ssor Stations (Existing and Proposed)

Constructed
Certificated, but not constructed
Certificate applied for

s Plant (Existing and Proposed)

Constructed
Future

Points of Connection (Existing and Proposed)

Sales

Certificated, Installed, and In Service
Certificated, Installed, and Not In Service
Non-Jurisdictional Sale, In Service
Certificated, but not Installed
Authorization Pending
Proposed this application

Gas Supply

Present Connection
Proposed Connection

Pressure, Volume, Pipe Size, and Distance Symbols

746 # — Pounds per square inch absolute
330 M — Volume in thousand standard cubic feet per day
10 3/4" — Outside diameter of pipe in inches
47.1 — Pipe length in miles

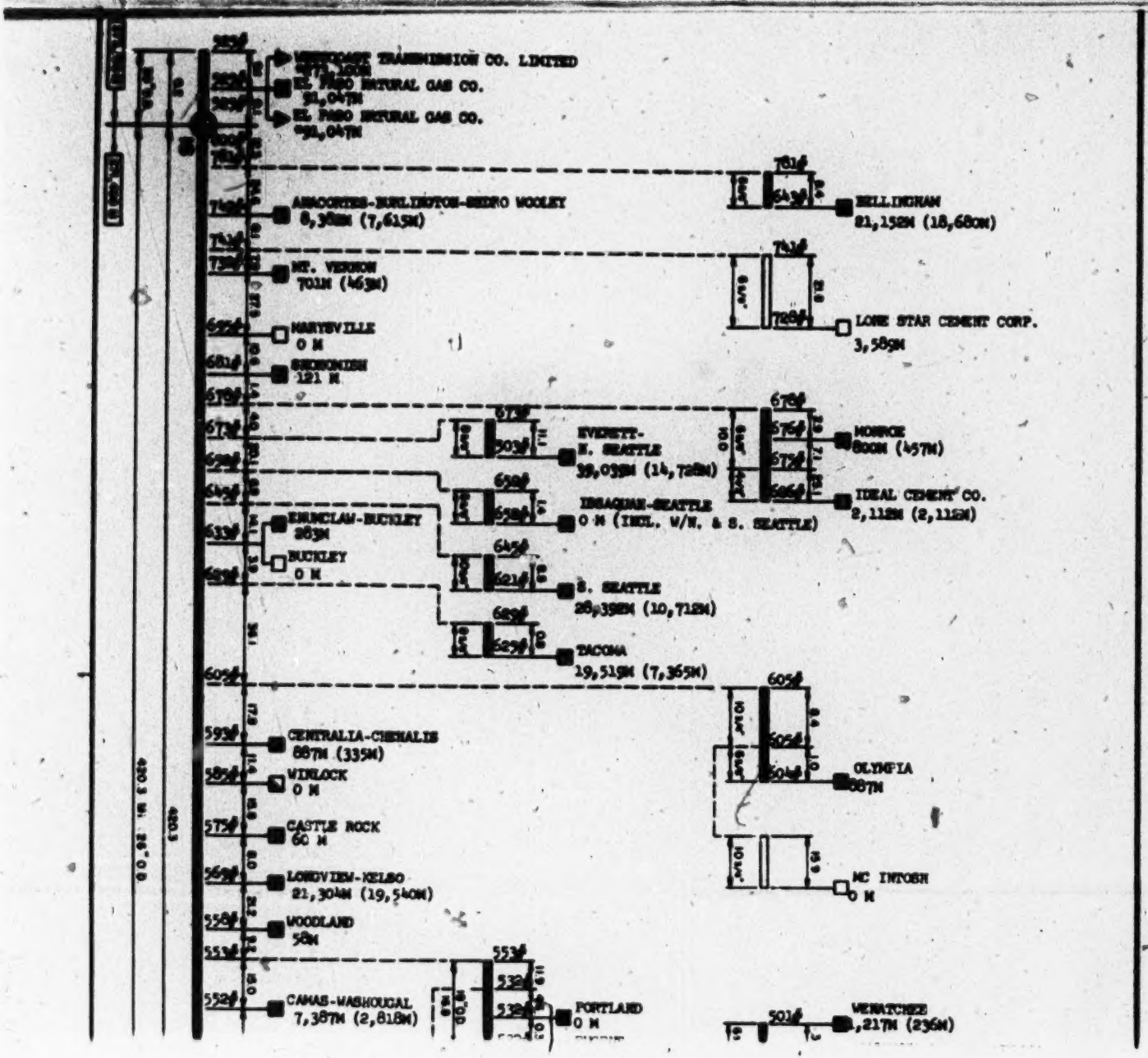
NOTES

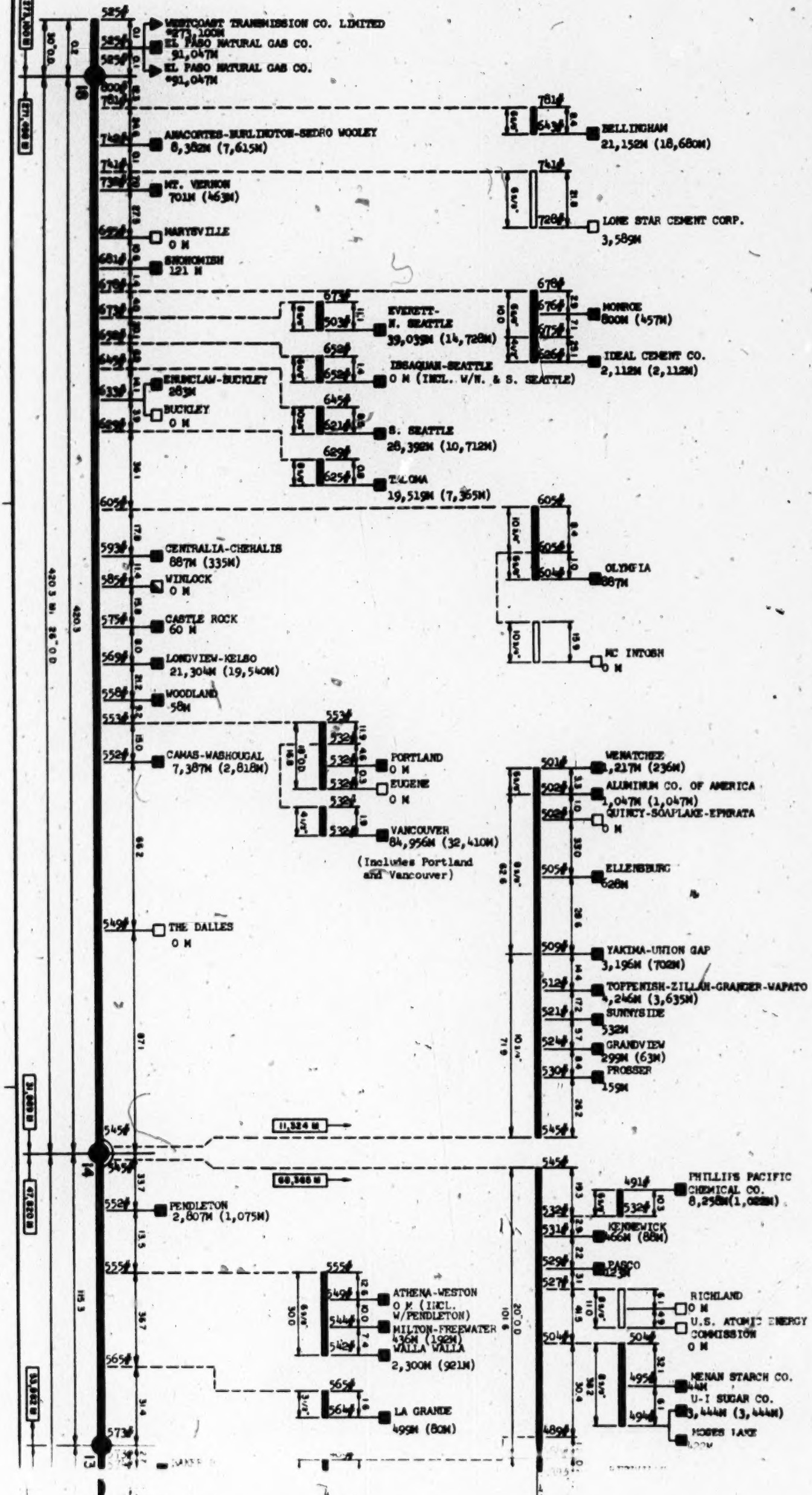
. pressures shown represent pressure in main line or lateral at points of connection.
al gas sales are shown adjacent to the city or lateral lines where applicable.
umes in ( ) represent interruptible sales.
umes following * represent supply.
umes in [ ] represent volumes into and out of each compressor station.

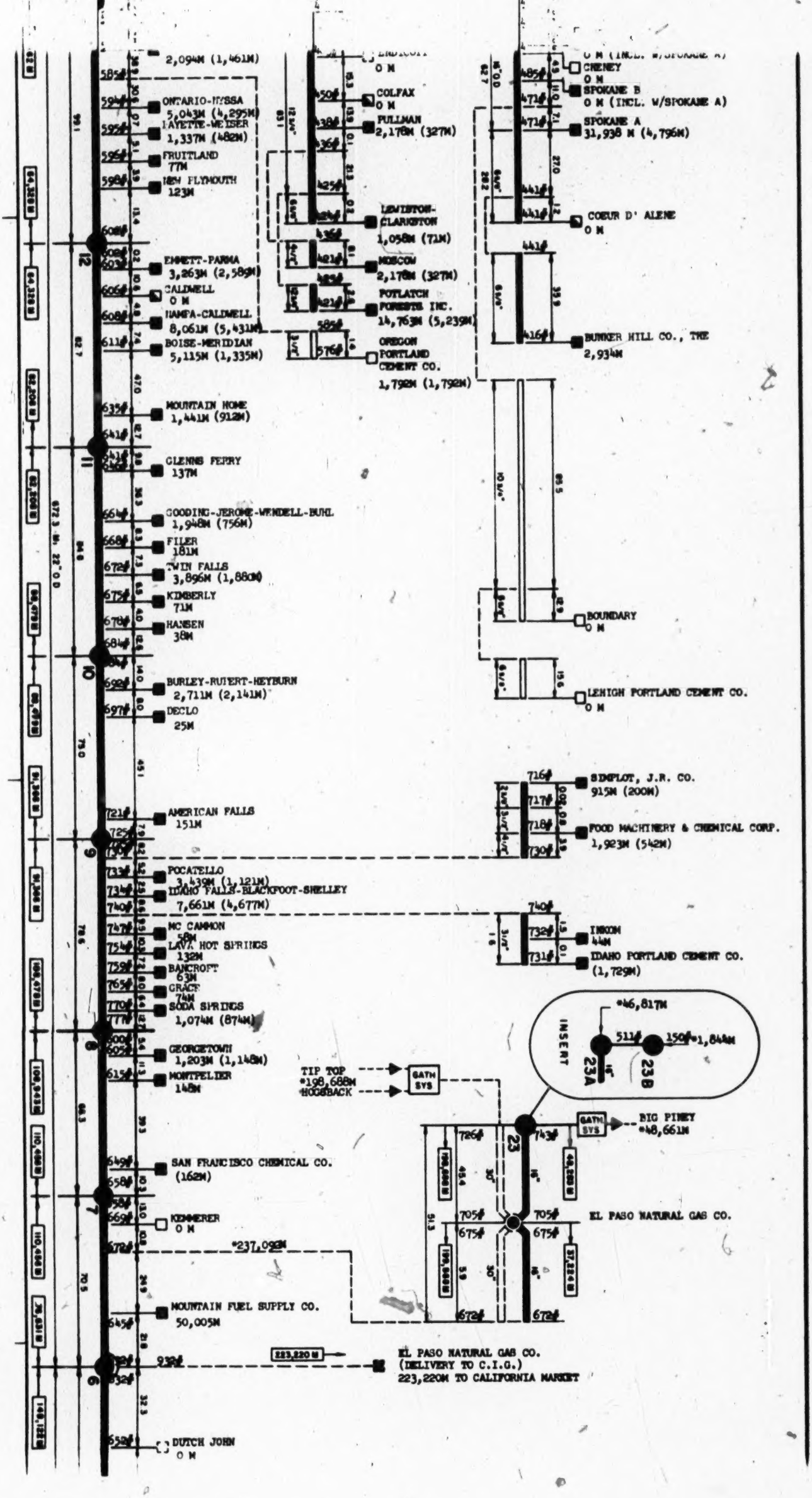
PACIFIC NORTHWEST PIPELINE CORP.
SALT LAKE CITY UTAH

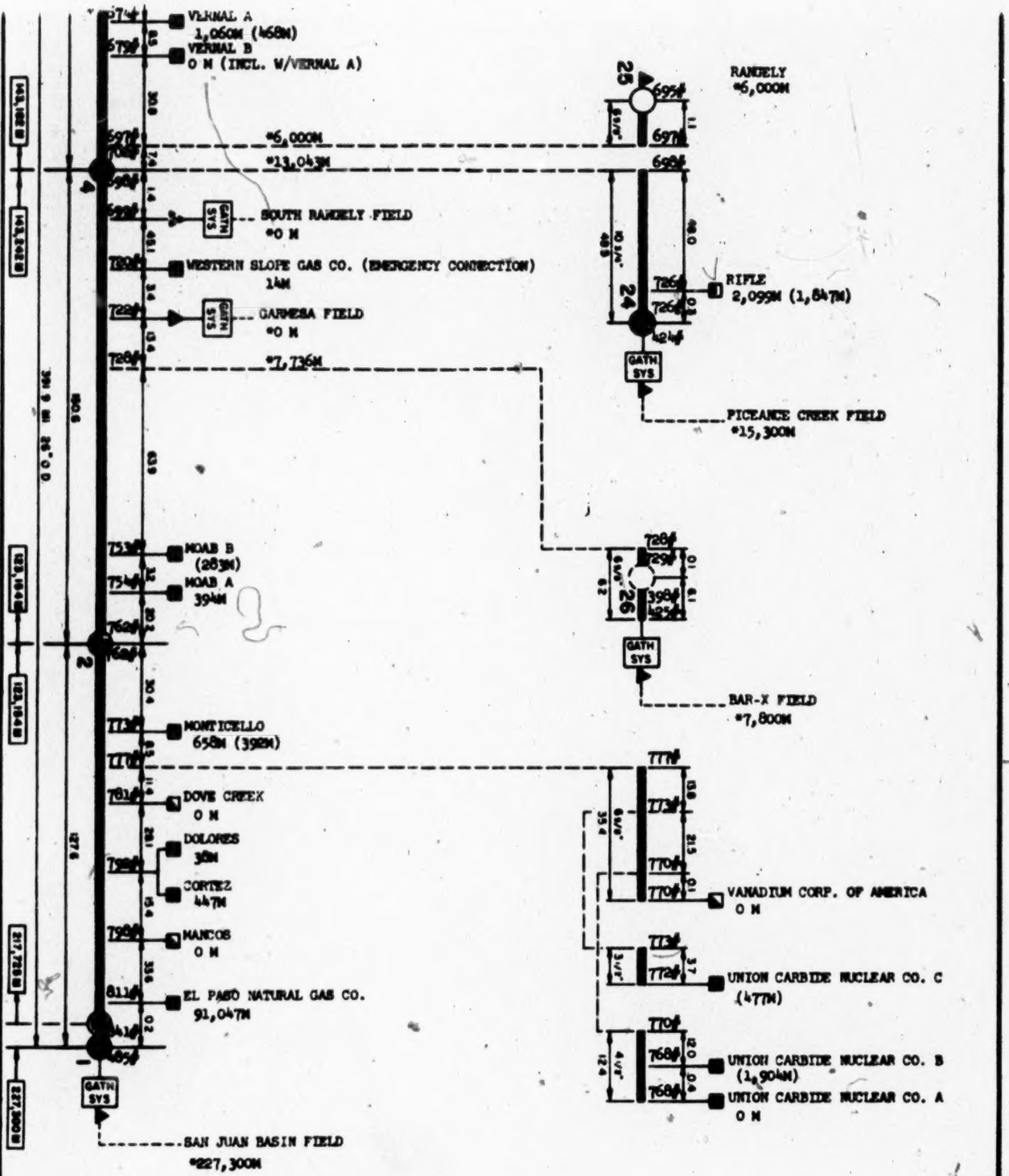
DESIGN CHART

FIRST YEAR (1960) AVERAGE DAY


WESTCOAST TRANSMISSION CO. LIMITED
EL PASO NATURAL GAS CO.
31,047M
EL PASO NATURAL GAS CO.
*31,047M
ANACORTES-BURLINGTON-SEDRO WOOLEY
8,308M (7,615M)
MT. VERNON
701M (463M)
MARYSVILLE
0 M
SNOHOMISH
121 M
EVERETT-
E. SEATTLE
39,039M (14,728M)
ISSAQUAH-SEATTLE
0 M (INCL. W/N. & S. SEATTLE)
ENUMCLAW-BUCKLEY
263M
BUCKLEY
0 M
S. SEATTLE
26,398M (10,712M)
TACOMA
19,519M (7,365M)
CENTRALIA-CHEHALIS
887M (335M)
WINLOCK
0 M
CASTLE ROCK
60 M
LONGVIEW-KELSO
21,304M (19,540M)
WOODLAND
58M
CAMAS-WASHOUGAL
7,387M (2,818M)
PORTLAND
0 M
BELLINGHAM
21,152M (18,680M)
LONE STAR CEMENT CORP.
3,589M
MONROE
800M (457M)
IDEAL CEMENT CO.
2,112M (2,112M)
OLYMPIA
887M
MC INTOSH
0 M
WENATCHEE
3,217M (236M)


WESTCOAST TRANSMISSION CO. LIMITED
EL PASO NATURAL GAS CO.
91,047M
EL PASO NATURAL GAS CO.
91,047M
BELLINGHAM
21,152M (18,680M)
ANACORTES-BURLINGTON-SEDRO WOOLEY
8,382M (7,615M)
MT. VERNON
701M (463M)
LONE STAR CEMENT CORP.
3,589M
MARYSVILLE
0 M
SNOHOMISH
121 M
MONROE
800M (457M)
EVERETT-
N. SEATTLE
39,039M (14,728M)
IDEAL CEMENT CO.
2,112M (2,112M)
ISSAQUAH-SEATTLE
0 M (INCL. W/N. & S. SEATTLE)
ENUMCLAW-BUCKLEY
283M
BUCKLEY
0 M
S. SEATTLE
28,392M (10,712M)
TACOMA
19,519M (7,365M)
CENTRALIA-CHEHALIS
887M (335M)
OLYMPIA
887M
WINLOCK
0 M
MC INTOSH
0 M
CASTLE ROCK
60 M
LONGVIEW-KELSO
21,304M (19,540M)
WOODLAND
58M
CAMAS-WASHOUGAL
7,387M (2,818M)
PORTLAND
0 M
EUGENE
0 M
VANCOUVER
84,956M (32,410M)
(Includes Portland
and Vancouver)
WENATCHEE
1,217M (236M)
ALUMINUM CO. OF AMERICA
1,047M (1,047M)
QUINCY-SOAPLAKE-EPHRATA
0 M
ELLENSBURG
628M
THE DALLES
0 M
YAKIMA-UNION GAP
3,196M (702M)
TOPPENISH-ZILLAH-GRANGER-WAPATO
4,246M (3,635M)
SUNNYSIDE
532M
GRANDVIEW
299M (63M)
PROSSER
159M
11,324 M
60,388 M
PENDLETON
2,807M (1,075M)
PHILLIPS PACIFIC
CHEMICAL CO.
8,258M(1,082M)
KENNEWICK
466M (88M)
PASCO
ATHENA-WESTON
0 M (INCL.
W/PENDLETON)
MILTON-FREEWATER
436M (192M)
WALLA WALLA
2,300M (921M)
RICHLAND
0 M
U.S. ATOMIC ENERGY
COMMISSION
0 M
LA GRANDE
499M (80M)
MENAN STARCH CO.
U-I SUGAR CO.
3,444M (3,444M)
MOSES LAKE


2,094M (1,461M)
ONTARIO-NYSSA
5,043M (4,295M)
LAYETTE-MEISER
1,337M (482M)
FRUITLAND
77M
NEW PLYMOUTH
123M
EMMETT-PARMA
3,263M (2,589M)
CALDWELL
0 M
NAMPA-CALDWELL
8,061M (5,431M)
BOISE-MERIDIAN
5,115M (1,335M)
MOUNTAIN HOME
1,441M (912M)
GLENNS FERRY
137M
GOODING-JEROME-WENDELL-BUHL
1,948M (756M)
FILER
181M
TWIN FALLS
3,896M (1,880M)
KIMBERLY
71M
HANSEN
38M
BURLEY-RUPERT-HEYBURN
2,711M (2,141M)
DECLO
25M
AMERICAN FALLS
151M
POCATELLO
3,439M (1,121M)
IDAHO FALLS-BLACKFOOT-SHELLEY
7,661M (4,677M)
MC CAMMON
58M
LAVA HOT SPRINGS
132M
BANCROFT
63M
GRACE
74M
SODA SPRINGS
1,074M (874M)
GEORGETOWN
1,203M (1,148M)
MONTPELIER
148M
SAN FRANCISCO CHEMICAL CO.
(162M)
KEMMERER
0 M
MOUNTAIN FUEL SUPPLY CO.
50,005M
DUTCH JOHN
0 M
COLFAX
0 M
PULLMAN
2,176M (327M)
LEWISTON-CLARKSTON
1,058M (71M)
MOSCOW
2,176M (327M)
POTLATCH FORESTS INC.
14,763M (5,239M)
OREGON PORTLAND CEMENT CO.
1,792M (1,792M)
CHENEY
0 M
SPOKANE B
0 M (INCL. W/SPOKANE A)
SPOKANE A
31,938 M (4,796M)
COEUR D' ALENE
0 M
BUNKER HILL CO., THE
2,934M
BOUNDARY
0 M
LEHIGH PORTLAND CEMENT CO.
0 M
SIMPLOT, J.R. CO.
915M (200M)
FOOD MACHINERY & CHEMICAL CORP.
1,923M (542M)
IMCON
44M
IDAHO PORTLAND CEMENT CO.
(1,729M)
*237,092M
EL PASO NATURAL GAS CO.
(DELIVERY TO C.I.G.)
223,220M TO CALIFORNIA MARKET
223,220 M
INSERT
*46,817M
*1,844M
23A
23B
TIP TOP
*198,688M
HOGSBACK
GATH SYS
BIG PINEY
*48,661M
EL PASO NATURAL GAS CO.



*COMPRESSOR STATION DATA

STATION NUMBER	HORSEPOWER AUTHORIZED	HORSEPOWER INSTALLED	HORSEPOWER PROJ. ADD.	HORSEPOWER REQUIRED	ALTITUDE IN FEET	FACTOR	MCF/D PUMPED	PRESSURE IN	PRESSURE OUT	COMPRESSION RATIO	FUEL GAS MCF/D
1	12,000	12,000	0	6,763	6,643	(1) 1.000 (5) 0.860	191,582	482	848	1.76	1,623
1A	2,000	2,000	0	1,202	6,643	0.860	33,806	482	818	1.70	289
2	8,000	8,000	0	0	5,873	0.835	123,154	762	762	1.00	0
4	8,000	8,000	0	251	5,500	0.854	143,182	695	709	1.02	60
6	6,000	6,000	0	6,387	6,118	0.821	223,220	629	939	1.49	1,533
7	4,500	4,500	0	0	6,530	0.817	110,456	658	658	1.00	0
8	6,000	6,000	0	1,939	6,140	0.888	108,478	600	777	1.31	465
9	6,000	6,000	0	0	4,615	0.882	91,366	725	725	1.00	0
10	6,000	6,000	0	0	4,269	0.891	88,479	684	684	1.00	0
11	6,000	6,000	0	0	3,190	0.918	82,208	641	641	1.00	0
12	4,500	4,500	0	0	2,497	0.936	64,328	602	602	1.00	0
13	4,500	4,500	0	0	3,400	0.917	53,862	573	573	1.00	0
14	4,000	4,000	0	0	313	0.970	79,689	545	545	1.00	0
18	8,000	8,000	0	6,676	40	0.976	271,498	523	807	1.54	1,602
23B	(1)	1,320	0	181	7,333	0.789	1,800	150	518	3.45	44
23A	3,300	3,300	0	1,391	7,333	0.789	48,283	511	750	1.47	334
24	660	660	0	660	7,452	0.733	15,142	421	733	1.74	158
25	220	Certificated but not installed									
26	440	440	0	267	4,800	1.000	7,736	395	734	1.86	64

(1) Gathering Facilities

FPC DOCKET No G- -
EXHIBIT G 6678
PAGE OF

LEGEND

Pipe Lines

- Constructed
- Certificated, but not constructed
- Certificate applied for

Compressor Stations (Existing and Proposed)

- Constructed
- Certificated, but not constructed
- Certificate applied for

Process Plant (Existing and Proposed)

- Constructed
- Future

Points of Connection (Existing and Proposed)

Sales

- Certificated, Installed, and In Service
- Certificated, Installed, and Not In Service
- Non-Jurisdictional Sale, In Service
- Certificated, but not Installed
- Authorization Pending
- Proposed, this application

Gas Supply

- Present Connection
- Proposed Connection

Pressure, Volume, Pipe Size, and Distance Symbols

- 746 # — Pounds per square inch absolute
- 330 M — Volume in thousand standard cubic feet per day
- 10 3/4" — Outside diameter of pipe in inches
- 47: — Pipe length in miles

NOTES

1. All pressures shown represent pressure in main line or lateral at points of connection.
2. Total gas sales are shown adjacent to the city or lateral lines where applicable.
3. Volumes in ( ) represent interruptible sales.
4. Volumes following * represent supply.
5. Volumes in [ ] represent volumes into and out of each compressor station.

PACIFIC NORTHWEST PIPELINE CORP.
SALT LAKE CITY UTAH

DESIGN CHART

THIRD YEAR (1962) AVERAGE DAY

FPC Docket G- _____
Exhibit G
Page 3 of 3

PACIFIC NORTHWEST PIPELINE CORPORATION

COMPRESSOR STATION EQUIPMENT

Station No.	Type Units	Size Units	Authorized or Application Pending * No. Units	Authorized or Application Pending * Total H.P.	Installed No. Units	Installed Total H.P.
Main Line Stations						
1	Reciprocating	2,000	7	14,000	7	14,000
2	"	2,000	4	8,000	4	8,000
4	"	2,000	4	8,000	4	8,000
6	"	1,500	4	6,000	4	6,000
7	"	1,500	3	4,500	3	4,500
8	"	2,000	3	6,000	3	6,000
9	"	2,000	3	6,000	3	6,000
10	"	2,000	3	6,000	3	6,000
11	"	2,000	3	6,000	3	6,000
12	"	1,500	3	4,500	3	4,500
13	"	1,500	3	4,500	3	4,500
14	"	1,000	4	4,000	4	4,000
18	"	2,000	4	8,000	4	8,000
	Total		48	85,500	48	85,500
Lateral Line Stations						
23	Reciprocating	1,320	1	1,320	1	1,320
23	"	660	5	3,300	5	3,300
24	"	330	2	660	2	660
25	"	220	1	220	-	-
26	"	440	1	440 *	-	-
	Total		10	5,940	8	5,280
	Total Compressor Station Equipment - Main Line and Lateral		58	91,440	56	90,780

(6680)

Hearing Exhibit No. 338

6680

Filed with Exrs. Certification
dated [illegible]

FPC Docket No. G-[illegible]

FI[illegible]ON

Do[illegible] G13018

H[illegible] 338

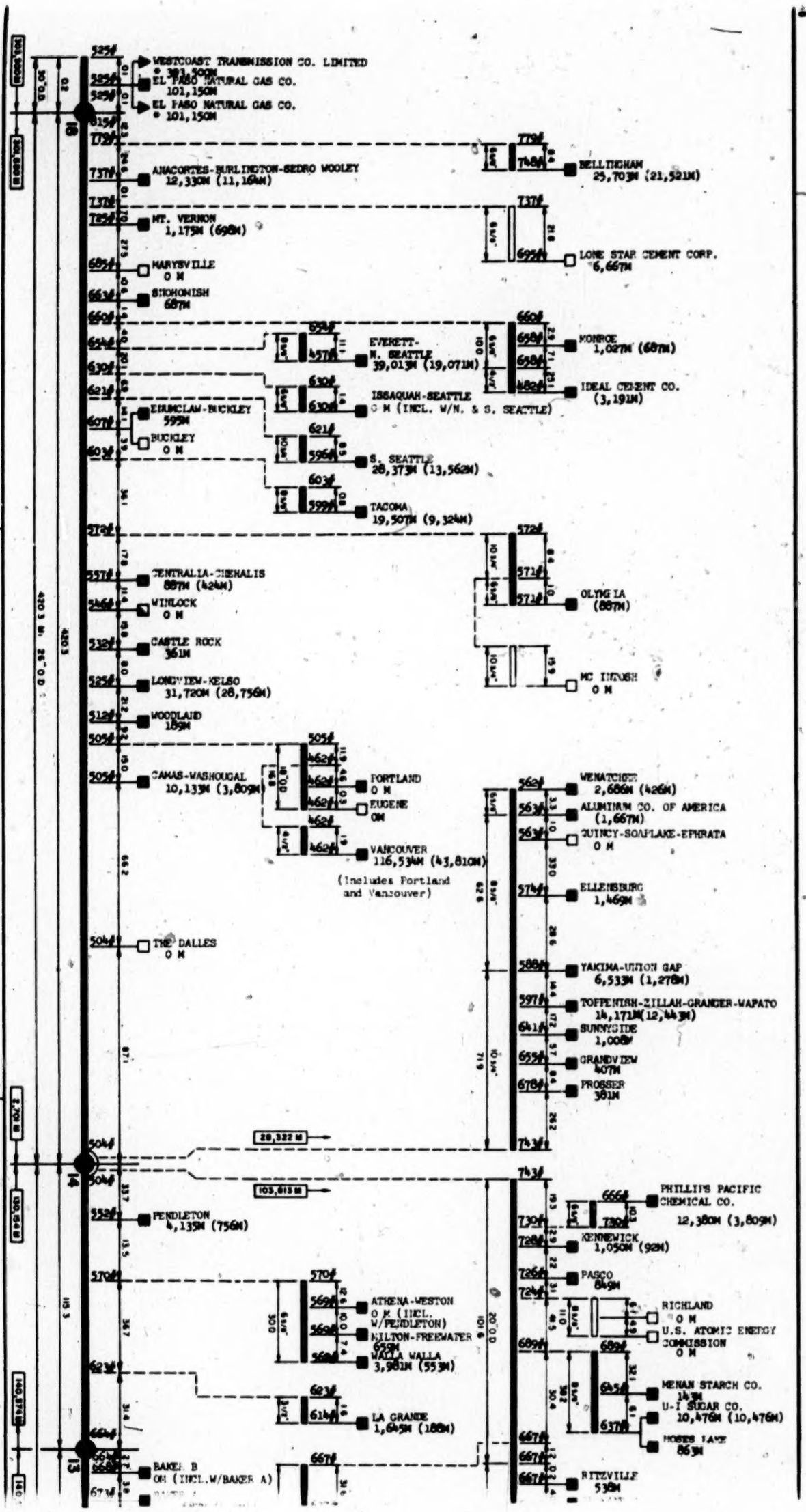
D[illegible] SEP. 23 1958

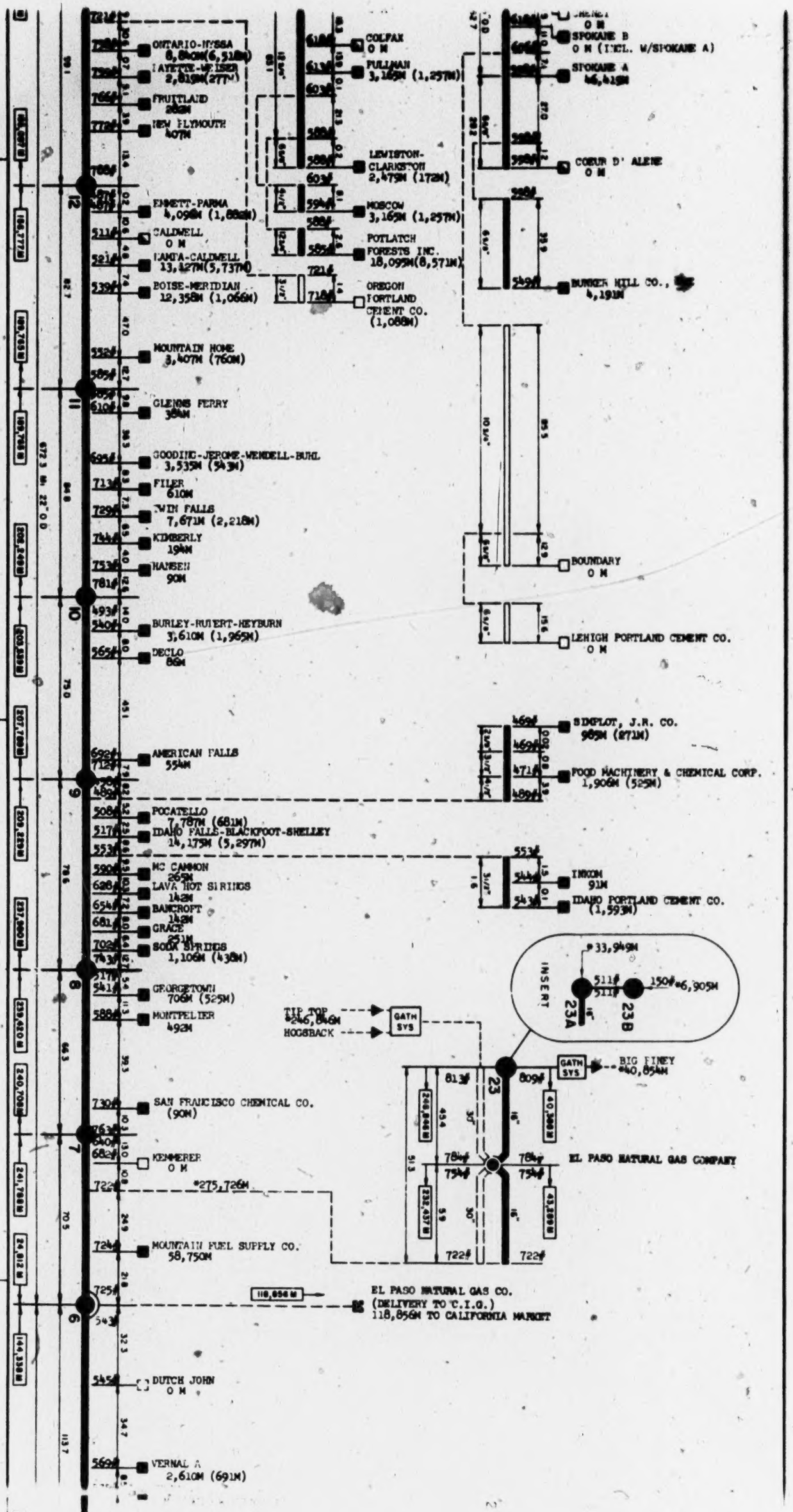
Pacific Northwest Pipeline Corporation

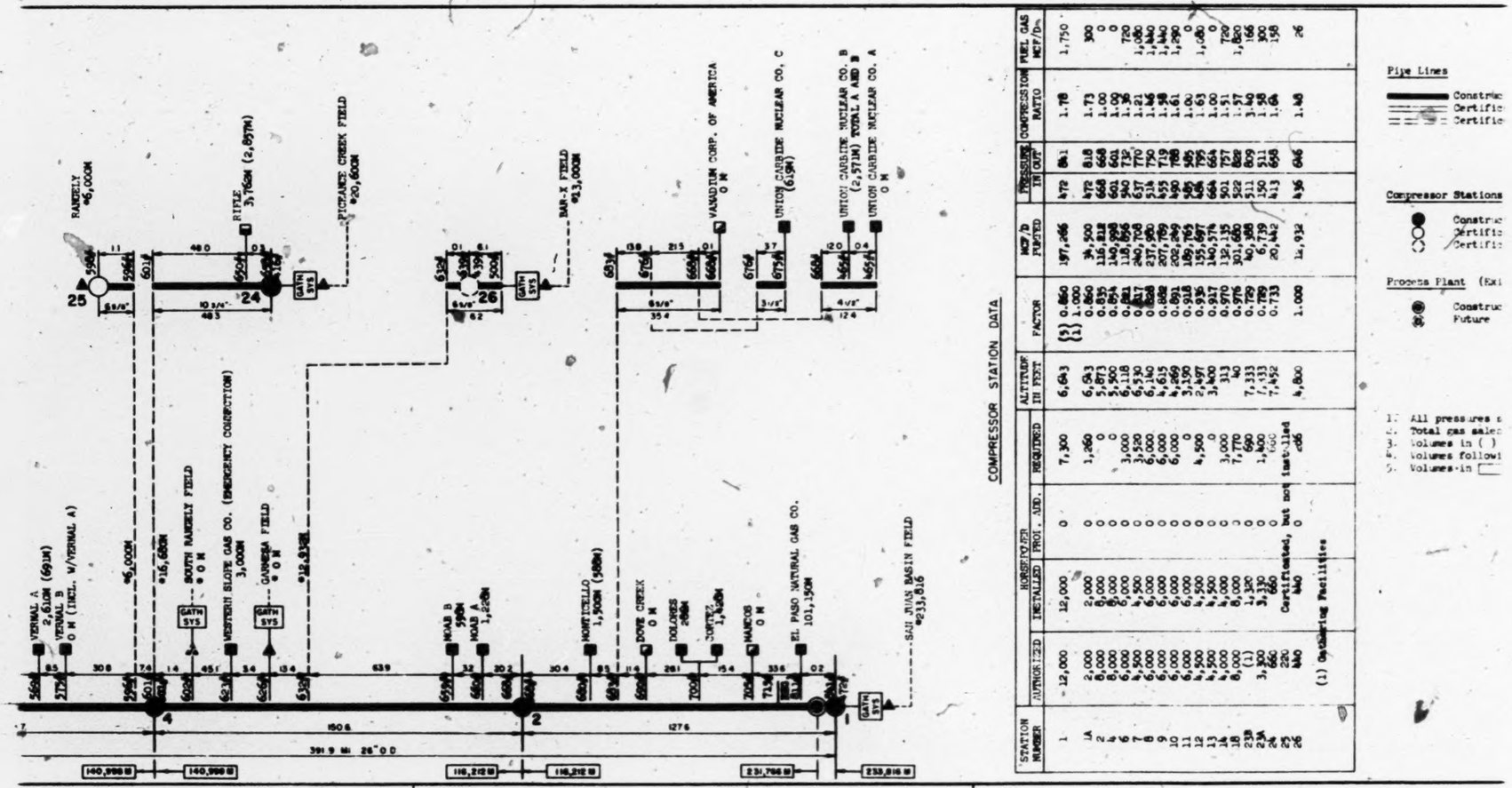
Date [illegible] NOV. 12 1958

Exhibit G-I

Flow Diagram Reflecting Maximum Capabilities


WESTCOAST TRANSMISSION CO. LIMITED
• 381,500M
EL PASO NATURAL GAS CO.
101,150M
EL PASO NATURAL GAS CO.
• 101,150M
ANACORTES-BURLINGTON-SEDRO WOOLEY
12,330M (11,164M)
MT. VERNON
1,175M (698M)
MARYSVILLE
0 M
STOHOMISH
68TM
EVERETT-
N. SEATTLE
39,013M (19,071M)
ISSAQUAH-SEATTLE
0 M (INCL. W/N. & S. SEATTLE)
ENUMCLAW-BUCKLEY
595M
BUCKLEY
0 M
S. SEATTLE
28,373M (13,562M)
TACOMA
19,507M (9,324M)
CENTRALIA-CHEHALIS
88TM (424M)
WINLOCK
0 M
CASTLE ROCK
361M
LONGVIEW-KELSO
31,720M (28,756M)
WOODLAND
185M
CAMAS-WASHOUGAL
10,133M (3,809M)
PORTLAND
0 M
EUGENE
0M
VANCOUVER
116,534M (43,810M)
(Includes Portland
and Vancouver)
THE DALLES
0 M
BELLINGHAM
25,703M (21,521M)
LONE STAR CEMENT CORP.
6,667M
MONROE
1,027M (68TM)
IDEAL CEMENT CO.
(3,191M)
OLYMPIA
(887M)
MC INTOSH
0 M
WENATCHEE
2,686M (426M)
ALUMINUM CO. OF AMERICA
(1,667M)
QUINCY-SOAPLAKE-EPHRATA
0 M
ELLENSBURG
1,469M
YAKIMA-UNION GAP
6,533M (1,278M)
TOPPENISH-ZILLAH-GRANGER-WAPATO
14,171M (12,443M)
SUNNYSIDE
1,008M
GRANDVIEW
407M
PROSSER
381M
28,322 M
103,813 M
PENDLETON
4,135M (756M)
ATHENA-WESTON
0 M (INCL.
W/PENDLETON)
MILTON-FREEWATER
655M
WALLA WALLA
3,981M (553M)
LA GRANDE
1,645M (188M)
BAKER B
0M (INCL.W/BAKER A)
PHILLIPS PACIFIC
CHEMICAL CO.
12,380M (3,809M)
KENNEWICK
1,050M (92M)
PASCO
84SM
RICHLAND
0 M
U.S. ATOMIC ENERGY
COMMISSION
0 M
MENAN STARCH CO.
14M
U-I SUGAR CO.
10,476M (10,476M)
MOSES LAKE
863M
RITZVILLE
53SM


ONTARIO-NYSSA
8,840M(6,518M)
LAYETTE-WEISER
2,819M(277M)
FRUITLAND
28MM
NEW PLYMOUTH
40TM
EMMETT-PARMA
4,098M (1,88M)
CALDWELL
O M
NAMPA-CALDWELL
13,127M(5,737M)
BOISE-MERIDIAN
12,358M (1,066M)
MOUNTAIN HOME
3,407M (760M)
GLENNS FERRY
38MM
GOODING-JEROME-WENDELL-BUHL
3,535M (543M)
FILER
610M
TWIN FALLS
7,671M (2,218M)
KIMBERLY
194M
HANSEN
90M
BURLEY-RUPERT-HEYBURN
3,610M (1,965M)
DECLO
88M
AMERICAN FALLS
55MM
POCATELLO
7,78TM (68IM)
IDAHO FALLS-BLACKFOOT-SHELLEY
14,175M (5,297M)
MC CAMMON
265M
LAVA HOT SPRINGS
142M
BANCROFT
142M
GRACE
62M
SODA SPRINGS
1,106M (438M)
GEORGETOWN
706M (525M)
MONTPELIER
492M
SAN FRANCISCO CHEMICAL CO.
(90M)
KEMMERER
O M
*275,726M
MOUNTAIN FUEL SUPPLY CO.
58,750M
DUTCH JOHN
O M
VERNAL A
2,610M (691M)
COLFAX
O M
PULLMAN
3,169M (1,257M)
LEWISTON-
CLARKSTON
2,475M (172M)
MOSCOW
3,169M (1,257M)
POTLATCH
FORESTS INC.
18,099M(8,571M)
OREGON
PORTLAND
CEMENT CO.
(1,088M)
SPOKANE B
O M (INCL. W/SPOKANE A)
SPOKANE A
46,415M
COEUR D' ALENE
O M
BURGER HILL CO.,
4,191M
BOUNDARY
O M
LEHIGH PORTLAND CEMENT CO.
O M
SIMPLOT, J.R. CO.
985M (871M)
FOOD MACHINERY & CHEMICAL CORP.
1,906M (525M)
INKOM
91M
IDAHO PORTLAND CEMENT CO.
(1,593M)
TIP TOP
246,846M
HOGSBACK
GATH SYS
INSERT
*33,949M
150#*6,905M
23A
23B
23
GATH SYS
BIG PINEY
*40,854M
EL PASO NATURAL GAS COMPANY
118,856M
EL PASO NATURAL GAS CO.
(DELIVERY TO C.I.G.)
118,856M TO CALIFORNIA MARKET



COMPRESSOR STATION DATA

STATION NUMBER	HORSEPOWER AUTHORIZED	HORSEPOWER INSTALLED	HORSEPOWER PROV., AUD.	HORSEPOWER REQUIRED	ALTITUDE III TEST	FACTOR	MCF/D PUMPED	PRESSURE IN	PRESSURE OUT	COMPRESSION RATIO	FUEL GAS MCF/Da.
1	- 12,000	12,000	0	7,300	6,643	0.860 (2) 1.000 (1)	197,266	472	821	1.78	1,750
1A											300
2	2,000	2,000	0	1,260	6,643	0.860	34,500	472	818	1.73	0
3	8,000	8,000	0	0	5,873	0.835	116,812	668	668	1.00	0
4	6,000	6,000	0	3,000	5,500	0.854	140,998	601	601	1.00	720
5	2,500	2,500	0	3,320	6,118	0.821	140,998	540	770	1.21	1,080
6	6,000	6,000	0	6,000	6,530	0.817	240,764	657	770	1.21	1,440
7	6,000	6,000	0	6,000	6,140	0.838	207,860	514	719	1.48	1,440
8	4,500	4,500	0	4,645	6,645	0.851	207,860	490	745	1.61	1,080
9	8,000	8,000	0	4,169	4,169	0.918	202,249	486	745	1.60	1,920
10	4,500	4,500	0	2,457	5,150	0.935	169,765	465	755	1.63	0
11	4,500	4,500	0	3,400	5,497	0.917	155,697	664	664	1.00	1,080
12	6,000	6,000	0	0	3,400	0.917	140,574	664	664	1.00	0
13	8,000	8,000	0	313	313	0.970	132,135	901	727	1.51	720
14	6,000	6,000	0	3,000	5,140	0.779	301,680	522	822	1.57	1,800
15	6,000	6,000	0	7,770	7,333	0.779	90,388	511	859	1.68	1,440
16	4,500	4,500	0	1,660	7,333	0.789	6,739	150	511	3.40	300
17	8,000	8,000	0	0	7,492	0.733	20,842	413	650	1.64	156
18	(1)	3,300	0	0	4,800	1.000	14,932	436	646	1.48	96
23A	280	280	Certificated, but not installed								
23B	440	440	0	206							
24			(1) Gathering Facilities								
25											
26											

Pipe Lines
- Construc
- Certific
- Certific

Compressor Stations
- Construc
- Certific
- Certific

Process Plant (Exi
- Construc
- Future

1. All pressures s
2. Total gas sales
3. Volumes in ( )
4. Volumes followi
5. Volumes in [ ]

FPC DOCKET No G-
EXHIBIT G-I 6681
PAGE OF

LEGEND

nstructed
rtificated, but not constructed
rtificate applied for

stions (Existing and Proposed)
nstructed
rtificated, but not constructe
rtificate applied for

(Existing and Proposed)
nstructed
ure

Points of Connection (Existing and Proposed)

Sales
- Certificated, Installed, and In Service
- Certificated, Installed, and Not In Service
- Non-Jurisdictional Sale, In Service
- Certificated, but not Installed
- Authorization Pending
- Proposed, this application

Gas Supply
- Present Connection
- Proposed Connection

Pressure, Volume, Pipe Size, and Distance Symbols

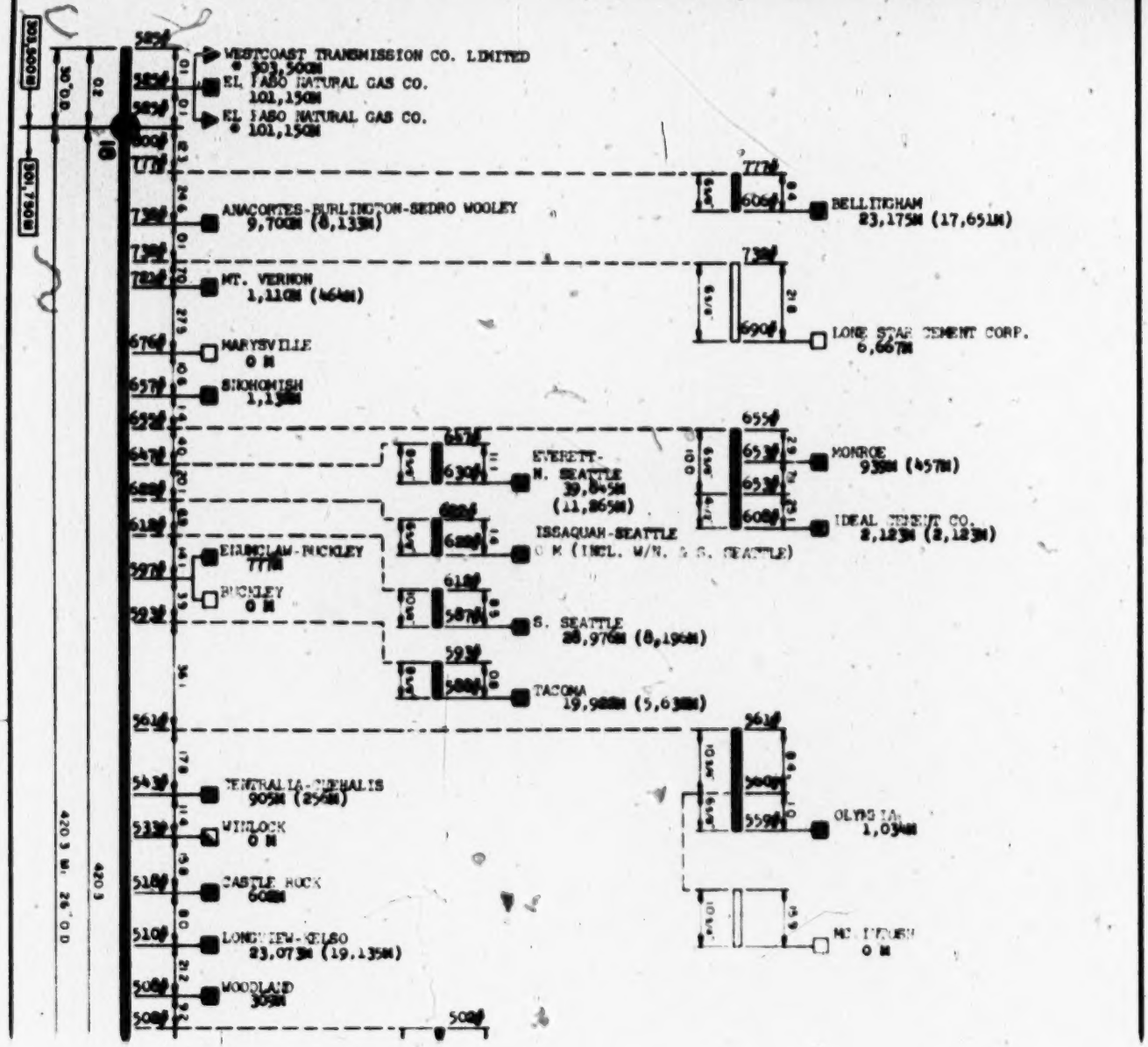
746 # — Pounds per square inch absolute
330 M — Volume in thousand standard cubic feet per day
10 3/4" — Outside diameter of pipe in inches
47 mi — Pipe length in miles

NOTES

res shown represent pressure in main line or lateral at points of connection.
sales are shown adjacent to the city or lateral lines where applicable.
( ) represent interruptible sales,
llowing * represent supply.
[ ] represent volumes into and out of each compressor station.

PACIFIC NORTHWEST PIPELINE CORP.
SALT LAKE CITY UTAH

DESIGN CHART
FIRST YEAR (1960) MAXIMUM DAY
1960-1961 HEATING SEASON
AND MAXIMUM CAPABILITIES


WESTCOAST TRANSMISSION CO. LIMITED
303,500M
EL PASO NATURAL GAS CO.
101,150M
EL PASO NATURAL GAS CO.
101,150M
ANACORTES-BURLINGTON-SEDRO WOOLEY
9,700M (8,133M)
MT. VERNON
1,110M (464M)
MARYSVILLE
0 M
SNOHOMISH
1,150M
EVERETT-
N. SEATTLE
39,845M
(11,865M)
ISSAQUAH-SEATTLE
0 M (INCL. W/M. S. SEATTLE)
ENUMCLAW-BUCKLEY
777M
BUCKLEY
0 M
S. SEATTLE
28,970M (8,196M)
TACOMA
19,980M (5,638M)
CENTRALIA-CHEHALIS
905M (254M)
WINLOCK
0 M
CASTLE ROCK
600M
LONGVIEW-KELSO
23,073M (19,135M)
WOODLAND
309M
BELLINGHAM
23,175M (17,651M)
LONE STAR CEMENT CORP.
6,667M
MONROE
935M (457M)
IDEAL CEMENT CO.
2,123M (2,123M)
OLYMPIA
1,034M
MC CHORD
0 M
20" 5 M 26.00
30.00
20
30" 1,700M
30" 1,500M

PACIFIC NORTHWEST PIPELINE CORPORATION

ENGINEERING DESIGN DATA

DESCRIPTION OF PIPE AND FITTINGS AND METHODS OF TESTING

PIPE

All pipe will be fabricated and shop tested in compliance with the API Hi-Test Line Pipe Specification 5 LX or API Specification 5L as minimum requirements. The pipe has been sized in accordance with the ASA Gas Transmission Code B31.1-1955, Section 8.

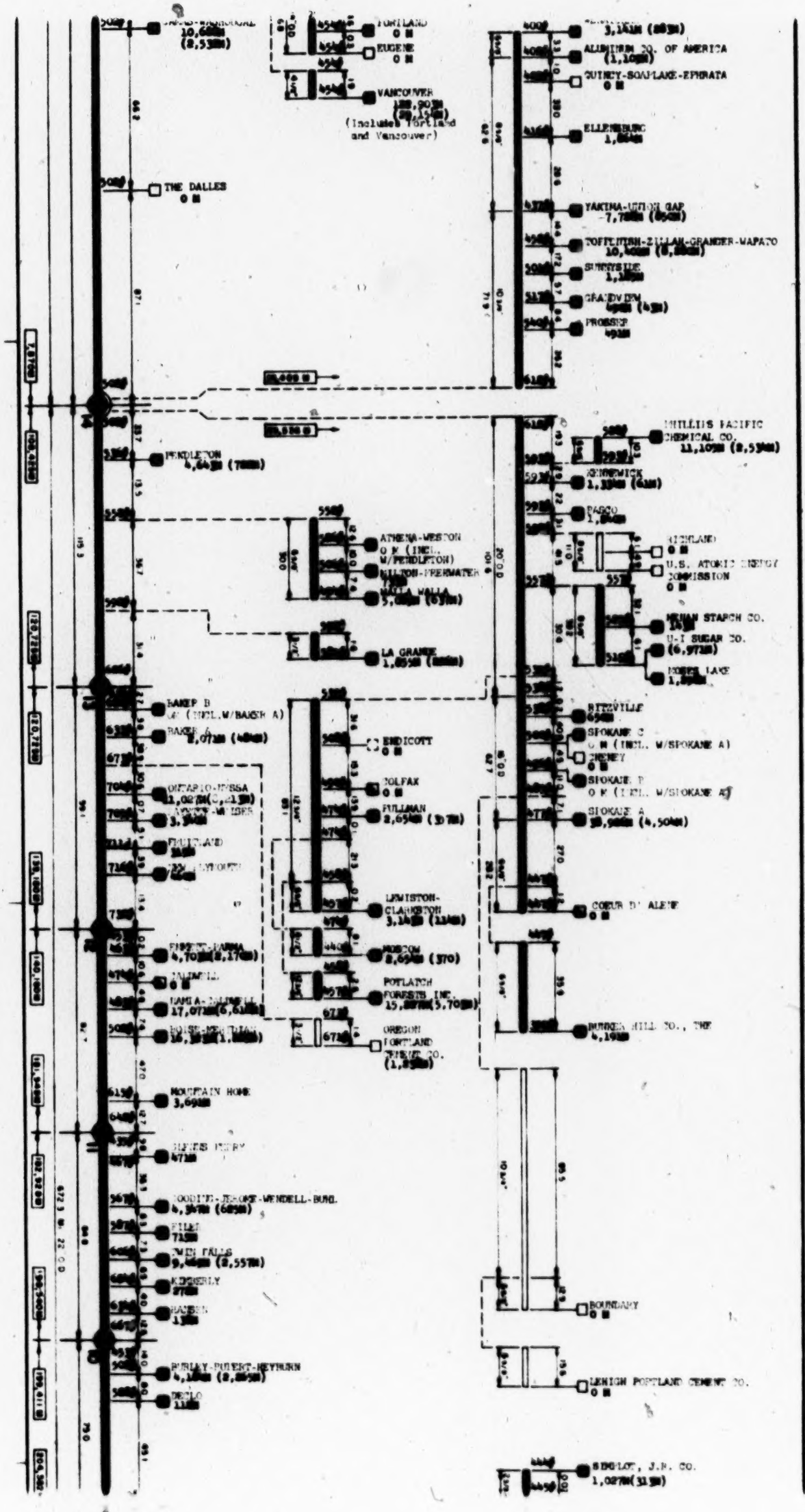
FITTINGS

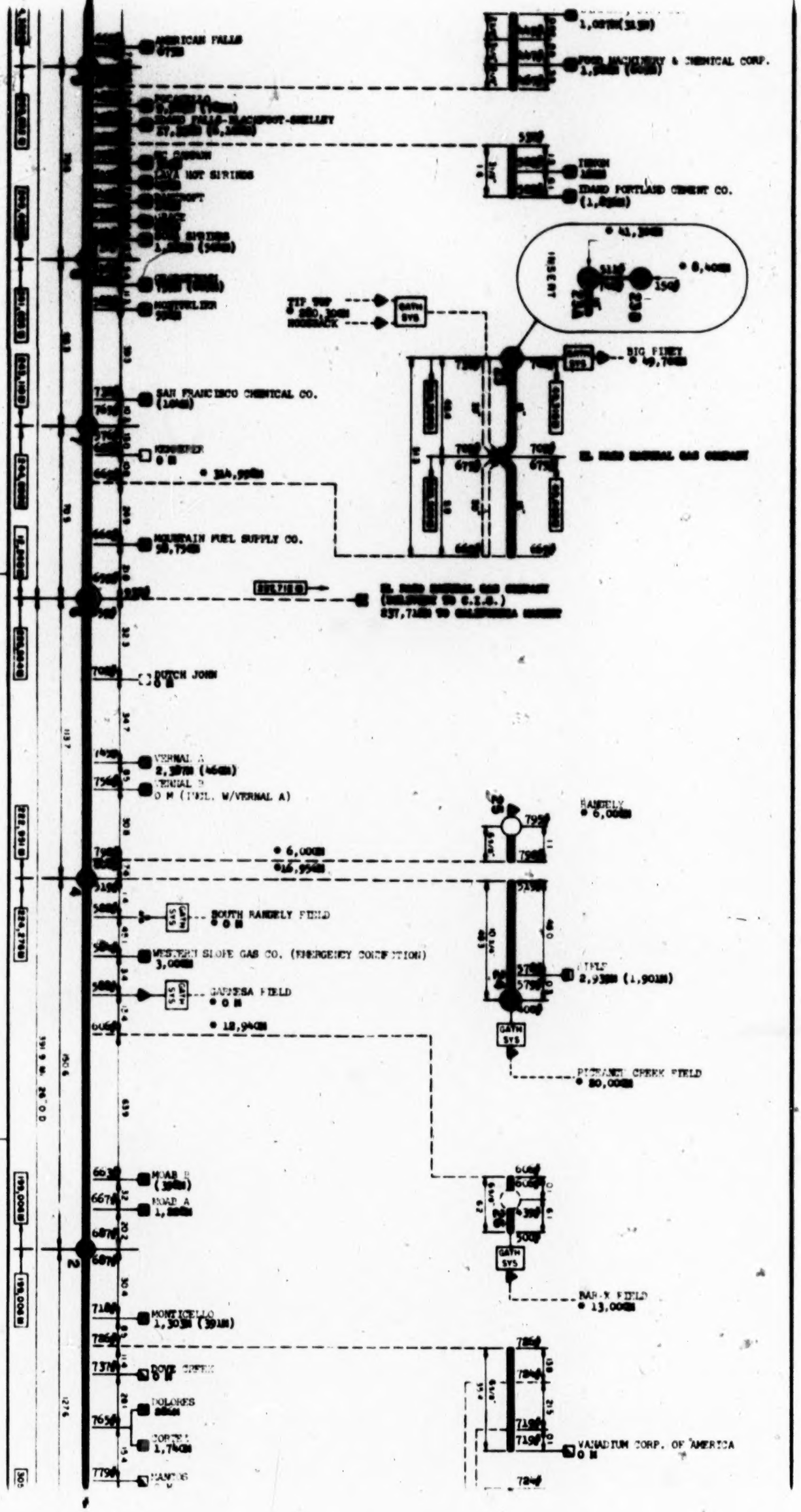
All valves will be specified as ASA Series 400 or better for a maximum working pressure of 960 psi.

Welding fittings will be of sufficient weight to at least equal the ASA rating required of the pipe to which the fitting adjoins.

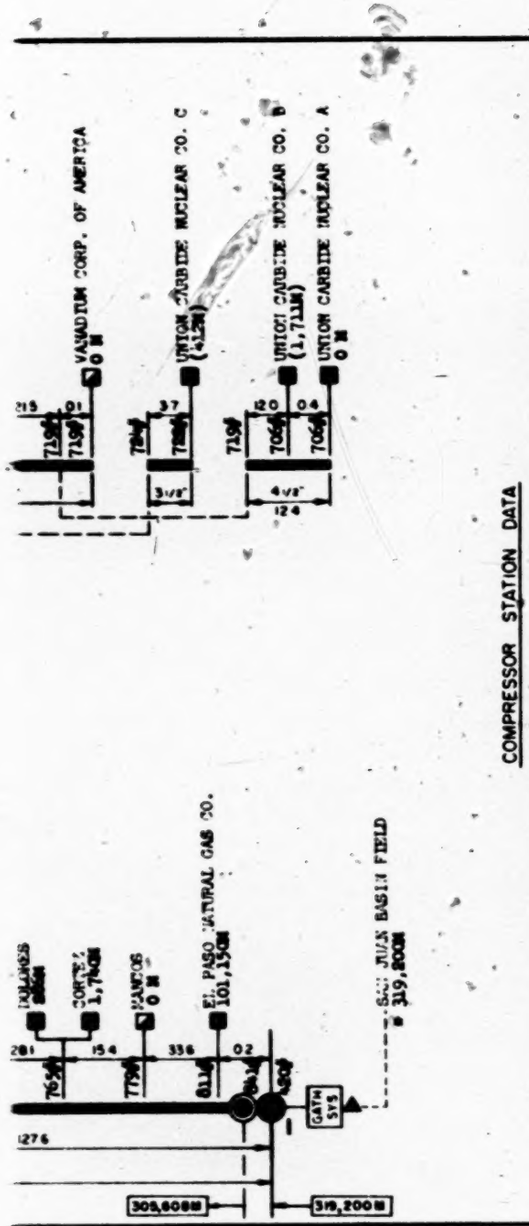
METHOD OF TESTING

All testing will be performed in accordance with the ASA Gas Transmission Code, B31.1-1955, Section 8.


PORTLAND
0 M
EUGENE
0 M
VANCOUVER
(Includes Portland and Vancouver)
THE DALLES
0 M
ALUMINUM CO. OF AMERICA
QUINCY-SOAP LAKE-EPHRATA
0 M
ELLENSBURG
YAKIMA-UNION GAP
TOPPENISH-ZILLAH-GRANGER-MABATON
SUNNYSIDE
GRANDVIEW
PROSSER
PENDLETON
ATHENA-WESTON
0 M (INCL. W/PENDLETON)
MILTON-FREEWATER
LA GRANDE
BAKER B
0 M (INCL. W/BAKER A)
ENDICOTT
0 M
COLFAX
0 M
PULLMAN
ONTARIO-NYSSA
LEWISTON-CLARKSTON
MOSCOW
POTLATCH FORESTS, INC.
OREGON PORTLAND CEMENT CO.
MOUNTAIN HOME
TWIN FALLS
KIMBERLY
BURLEY-RUPERT-HEYBURN
DECLO
MILLER PACIFIC CHEMICAL CO.
KENNEWICK
PASCO
RICHLAND
0 M
U.S. ATOMIC ENERGY COMMISSION
0 M
HENAN STARCH CO.
U-I SUGAR CO.
MOSES LAKE
RITZVILLE
SPOKANE C
0 M (INCL. W/SPOKANE A)
CHENEY
0 M
SPOKANE P
0 M (INCL. W/SPOKANE A)
SPOKANE A
COEUR D' ALENE
0 M
BUNKER HILL CO., THE
BOUNDARY
0 M
LEHIGH PORTLAND CEMENT CO.
0 M
SIMPLOT, J.R. CO.


AMERICAN FALLS
FORD MACHINERY & CHEMICAL CORP.
IDAHO PORTLAND CEMENT CO.
BIG FIRE
SAN FRANCISCO CHEMICAL CO.
MOUNTAIN FUEL SUPPLY CO.
DUTCH JOHN
VERNAL A
VERNAL B
O M (TOGL. W/VERNAL A)
RANDELY
SOUTH RANDELY FIELD
WESTERN SLOPE GAS CO. (EMERGENCY CONDITION)
LISBON FIELD
PICEANCE CREEK FIELD
MOAB B
MOAB A
BAR-X FIELD
MONTICELLO
DOVE CREEK
DOLORES
CORTEZ
VANADIUM CORP. OF AMERICA

FPC DOCKET No G- 6682
EXHIBIT G-1
PAGE OF



COMPRESSOR STATION DATA

STATION NUMBER	HORSEPOWER AUTHORIZED	HORSEPOWER INSTALLED	HORSEPOWER TROI.	HORSEPOWER ADD.	HORSEPOWER REQUIRED	ALTITUDE IN FEET	FACTOR	MCF/D RATED	PRESSURE IN	PRESSURE OUT	COMPRESSION RATIO	FUEL GAS MCF/D
1	12,000	12,000	0		12,060	6,643	(5) 0.860 (1)1.000	269,870	480	841	2.00	2,500
14	8,000	8,000	0		2,048	6,643	0.860	46,480	480	818	1.95	410
2	8,000	8,000	0		0	5,873	0.835	199,006	687	687	1.00	0
3	8,000	8,000	0		6,460	5,500	0.894	222,951	516	807	1.56	1,385
4	6,000	6,000	0		5,499	6,118	0.821	257,718	656	938	1.43	1,100
5	4,500	4,500	0		4,837	6,530	0.817	243,110	573	772	1.34	890
6	6,000	6,000	0		5,978	6,140	0.868	240,465	513	743	1.45	1,190
7	6,000	6,000	0		6,118	6,615	0.888	204,388	689	689	1.00	1,270
8	6,000	6,000	0		5,009	4,869	0.891	198,340	674	674	1.00	1,071
9	4,500	4,500	0		4,457	3,190	0.918	181,948	649	739	1.64	980
10	4,500	4,500	0		3,953	3,497	0.936	139,180	438	438	1.00	0
11	8,000	8,000	0		0	3,400	0.917	180,785	686	686	1.00	350
12	8,000	8,000	0		7,463	313	0.970	115,945	498	619	1.24	1,750
13	(1)	1,380	0		883	40	0.976	302,750	525	807	1.54	134
15	3,300	3,300	0		1,459	7,333	0.789	8,866	150	511	3.41	250
16	660	660	0		595	7,333	0.789	99,316	511	742	1.45	105
24	220	Certificated but not Install.				7,458	0.733	19,895	400	586	1.47	60
25	440	440	0		251	4,800	1.000	18,940	436	613	1.41	

(1) Gathering Facilities

LEGEND

Pipe Lines

- Constructed
- Certificated, but not constructed
- Certificate applied for

Compressor Stations (Existing and Proposed)

- Constructed
- Certificated, but not constructed
- Certificate applied for

Process Plant (Existing and Proposed)

- Constructed
- Future

Points of Connection (Existing and Proposed)

Sales

- Certificated, Installed, and In Service
- Certificated, Installed, and Not In Service
- Non-Jurisdictional Sale, In Service
- Certificated, but not Installed
- Authorization Pending
- Proposed, this application

Gas Supply

- Present Connection
- Proposed Connection

Pressure, Volume, Pipe Size, and Distance Symbols

- 746 P — Pounds per square inch absolute
- 330 M — Volume in thousand standard cubic feet per day
- 10 3/4" — Outside diameter of pipe in inches
- 47. — Pipe length in miles

NOTES

1. All pressures shown represent pressure in main line or lateral at points of connection.
2. Total gas sales are shown adjacent to the city or lateral lines where applicable.
3. Volumes in ( ) represent interruptible sales.
4. Volumes following * represent supply.
5. Volumes in [ ] represent volumes into and out of each compressor station.

PACIFIC NORTHWEST PIPELINE CORP.
SALT LAKE CITY UTAH

DESIGN CHART

THIRD YEAR (1962) MAXIMUM DAY
1962-1963 HEATING SEASON
AND MAXIMUM CAPABILITIES

FPC Docket G- _____
Exhibit G-1
Page 3 of 3

PACIFIC NORTHWEST PIPELINE CORPORATION

COMPRESSOR STATION EQUIPMENT

Station No.	Type Units	Size Units	Authorized or Application Pending * No. Units	Authorized or Application Pending * Total H.P.	Installed No. Units	Installed Total H.P.
Main Line Stations						
1	Reciprocating	2,000	7	14,000	7	14,000
2	"	2,000	4	8,000	4	8,000
4	"	2,000	4	8,000	4	8,000
6	"	1,500	4	6,000	4	6,000
7	"	1,500	3	4,500	3	4,500
8	"	2,000	3	6,000	3	6,000
9	"	2,000	3	6,000	3	6,000
10	"	2,000	3	6,000	3	6,000
11	"	2,000	3	6,000	3	6,000
12	"	1,500	3	4,500	3	4,500
13	"	1,500	3	4,500	3	4,500
14	"	1,000	4	4,000	4	4,000
18	"	2,000	4	8,000	4	8,000
	Total		48	85,500	48	85,500
Lateral Line Stations						
23	Reciprocating	1,320	1	1,320	1	1,320
23	"	660	5	3,300	5	3,300
24	"	330	2	660	2	660
25	"	220	1	220	-	-
26	"	440	1	440 *	-	-
	Total		10	5,940	8	5,280
	Total Compressor Station Equipment - Main Line and Lateral		58	91,440	56	90,780

(6684)

Hearing Exhibit No. 339

6684

FPC Docket No. G-_____

Filed with Exhibit Certification
dated _____ 30 1959

FEDERAL POWER COMMISSION

Docket No. G-13018
339
SEP 23 1958
NOV. 12 1958

cific Northwest Pipeline Corporation

Exhibit G-II

Flow Diagram Data

FPC Docket G-_____
Exhibit G-II
Page 1 of 2

PACIFIC NORTHWEST PIPELINE CORPORATION

ENGINEERING DESIGN DATA

SUMPTIONS, BASES AND FORMULAE

All flow calculations for this pipe line are based on the Panhandle Flow Formulae.

General design assumptions used are as follows:

Pressure Base	14.73 PSIA
Temperature Base	60° F.
Flowing Temperature	60° F.

The specific gravity of the gas varies as new supply gas is brought into the line. The following is a tabulation of line sections and specific gravity of gas therein.

SECTION OF LINE		SPECIFIC GRAVITY
From	To	
Station No. 1	Bar-X Lateral	0.617
Bar-X Lateral	Piceance Creek Lateral	0.618
Piceance Creek Lateral	Station No. 6	0.619
Big Piney Lateral	Station No. 14	0.622
Station No. 14	Station No. 18	0.600

The flow efficiencies, E, used in these calculations are tabulated below:

Pipe Size O. D.	Flow Efficiency %
30"	85*
26"	94
22"	92
20"	90
16"	90
12-3/4"	88
10-3/4"	88
8-5/8"	88
6-5/8"	87
4-1/2"	87
3-1/2"	86

*Reduced to allow for effect of wet gas

Hearing Exhibit No. 340 (6687) 6687

Filed with Exhibit dated ——— 1958

FPC Docket No. G-13018

G13018

340

SEP 3

NOV 12 1958

Pacific Northwest Pipeline Corporation

Exhibit K

COST OF FACILITIES

Exhibit K

Pacific Northwest Pipeline Corporation

TABLE OF CONTENTS

Schedule No. 1--Summary of Pacific Northwest Pipeline Corporation Facilities Constructed as of December 31, 1957 Proposed to be Abandoned by Pacific Northwest Pipeline Corporation.

Schedule No. 2--Summary of Pacific Northwest Pipeline Corporation Facilities Which Have Been Certificated and are Either in the Process of Construction or are to be Constructed.

Schedule No. 3--Summary of Pacific Northwest Pipeline Corporation Facilities Applied for But Not Yet Certificated and Which are Expected to be Constructed.

Schedule No. 4--Summary of Pacific Northwest Pipeline Corporation Facilities to be Constructed for Which Federal Power Commission Certificates Will Not Be Required.

Schedule No. 5--Cost of Facilities and Related Reserves Recorded Upon Books of Pacific Northwest Pipeline Corporation at December 31, 1957 and the Estimated Cost of Facilities and Related Reserves at the End of Calendar Years 1958 Through 1962 - Facilities to be Abandoned by Pacific in Favor of Their Acquisition by El Paso.

Pacific Northwest Pipeline Corporation
SUMMARY OF PACIFIC NORTHWEST PIPELINE CORPORATION FACILITIES CONSTRUCTED
AS OF DECEMBER 31, 1957
PROPOSED TO BE ABANDONED BY PACIFIC NORTHWEST PIPELINE CORPORATION
Schedule No. 1

Line No.	Description (1)	Quantity (2)	Original Cost (3)
	PIPELINES		
	Mainline		
	26" & 22" O.D., .281" W.T. & 250" W.T. Pipeline from Station No. 1 to Canada - U. S. Border Near Sumas, Washington	1,482.4 Mi.	$110,528,878.32
	Branch Lines		
2	6-5/8" & 4-1/2" O.D., Pipeline, Mainline Mile Post 89 to Uravan, Colorado	47.8 Mi.	$ 886,890.09
3	3-1/2" O.D., Pipeline, Mainline Mile Post 583 to Inkom, Idaho	1.6 Mi.	37,407.12
4	4-1/2" & 3-1/2" O.D., Pipeline, Mainline Mile Post 599 to Pocatello, Idaho	4.7 Mi.	84,574.10
5	3-1/2" O.D., Pipeline, Mainline Mile Post 980 to La Grande, Oregon	1.6 Mi.	30,895.71
6	6-5/8" O.D., Pipeline, Mainline Mile Post 1017 to Walla Walla, Washington	30.0 Mi	655,341.92
7	20" & 16" O.D., Pipeline, Mainline Mile Post 1063 to Spokane, Washington	164.2 Mi.	8,151,518.01
8	12-3/4" O.D., Pipeline, From Spokane Lateral to Lewiston, Idaho	85.7 Mi.	3,280,058.90
9	6-5/8" O.D., Pipeline From Spokane Lateral to Hedges, Washington	10.3 Mi.	215,791.06
10	10-3/4", 8-5/8" & 6-5/8" O.D., Pipeline, Mainline Mile Post to Malaga, Washington	137.7 Mi.	4,886,138.09
11	18" O.D., Pipeline, Mainline Mile Post 1233 to Portland, Oregon	16.2 Mi.	1,680,403.08
12	4-1/2" O.D., Pipeline from 18" Portland Lateral to Vancouver, Washington	1.8 Mi.	30,392.00
13	8-5/8" O.D., Pipeline, Mainline Mile Post 1352 to Tacoma, Washington	.8 Mi.	40,391.04
14	10-3/4" O.D., Pipeline, Mainline Mile Post 1370 to South Seattle, Washington	8.5 Mi.	389,353.68
15	6-5/8" O.D., Pipeline, Mainline Mile Post 1378 to Issaquah, Washington	1.4 Mi.	61,389.49
16	8-5/8" O.D., Pipeline, Mainline Mile Post 1397 to North Seattle, Washington	11.1 Mi.	391,795.15
17	6-5/8" O.D., Pipeline, Mainline Mile Post 1473 to Bellingham, Washington	8.4 Mi.	333,224.85
18	22" O.D., Pipeline, Station No. 6 to Colorado Interstate Pipeline	.5 Mi.	36,566.61
19	3-1/2" O.D., Pipeline from Uravan Lateral to Slick Rock, Colorado	3.8 Mi.	72,475.54
20	8-5/8" O.D., Pipeline from Spokane Lateral to Moses Lake, Washington	38.2 Mi.	972,205.45

Pacific Northwest Pipeline Corporation
SUMMARY OF PACIFIC NORTHWEST PIPELINE CORPORATION FACILITIES CONSTRUCTED
AS OF DECEMBER 31, 1957
PROPOSED TO BE ABANDONED BY PACIFIC NORTHWEST PIPELINE CORPORATION
Schedule No. 1

Line No.	Description (1)	Quantity (2)	Original Cost (3)
	PIPELINES-(Continued)		
	Branch Lines-(Continued)		
1	4-1/2" O.D., Pipeline from Lewiston Lateral to Moscow, Idaho	8.1 Mi.	$ 99,374.03
2	6-5/8" O.D., Pipeline from Spokane Lateral Terminus to Coeur d'Alene, Idaho	28.2 Mi.	713,154.81
3	6-5/8" O.D., Pipeline from Coeur d'Alene Lateral Terminus to Kellogg, Idaho	35.8 Mi.	597,153.74
4	10-3/4" & 6-5/8" O.D., Pipeline, Mainline Mile Post 1316 to Olympia, Washington	9.4 Mi.	607,195.84
5	6-5/8" & 4-1/2" O.D., Pipeline, Mainline Mile Post 1402 to Grotto, Washington	35.1 Mi.	1,316,413.63
6	Total Cost - Branch Lines		$ 25,570,103.94
	Supply Lines		
7	6-5/8" O.D., Pipeline, Mainline Mile Post 215 to Bar-X Field	6.2 Mi.	$ 105,875.53
8	10-3/4" O.D., Pipeline, Mainline Mile Post 278 to Station No. 24	48.3 Mi.	1,446,030.69
9	16" O.D., Pipeline, Mainline Mile Post 439 to Station No. 23	51.3 Mi.	1,921,721.88
10	Total Cost - Supply Lines		$ 3,473,628.10
	COMPRESSOR STATIONS		
	Mainline		
11	Compressor Station No. 1	12,000 H.P.	$ 2,616,553.18
12	Compressor Station No. 2	8,000 H.P.	2,197,880.38
13	Compressor Station No. 4	8,000 H.P.	1,926,297.26
14	Compressor Station No. 6	6,000 H.P.	2,043,881.74
15	Compressor Station No. 7	4,500 H.P.	1,535,666.21
16	Compressor Station No. 8	6,000 H.P.	1,490,471.14
17	Compressor Station No. 9	6,000 H.P.	1,660,006.45
18	Compressor Station No. 10	6,000 H.P.	1,433,357.79
19	Compressor Station No. 11	6,000 H.P.	1,573,110.70
20	Compressor Station No. 12	4,500 H.P.	1,478,953.66
21	Compressor Station No. 13	4,500 H.P.	1,674,123.55
22	Compressor Station No. 14	4,000 H.P.	1,732,243.17
	Total Cost - Mainline Compression		$ 21,362,545.23

Docket No. G-13018, Exhibit K, Schedule No. 1, Revised 2/26/58

Pacific Northwest Pipeline Corporation
SUMMARY OF PACIFIC NORTHWEST PIPELINE CORPORATION FACILITIES CONSTRUCTED
AS OF DECEMBER 31, 1957
PROPOSED TO BE ABANDONED BY PACIFIC NORTHWEST PIPELINE CORPORATION
Schedule No. 1

Line No.	Description (1)	Quantity (2)	Original Cost (3)
	COMPRESSOR STATIONS-(Continued)		
	Supply Line		
1	Compressor Station No. 23	4,620 H.P.	$ 2,053,418.95
2	Compressor Station No. 24	660 H.P.	526,035.53
3	Total Cost - Supply Line Compression		$ 2,579,454.48
	DEHYDRATION PLANT		
4	Big Piney Field Dehydration Plant at Station No. 23	20 M CFD	$ 227,722.02
	PRODUCTS EXTRACTION FACILITIES		
5	Ignacio Processing Plant	300 M CFD	$ 5,384,691.43
6	4-1/2" O.D., Liquid Products Pipeline from San Juan Gathering System to Ignacio Plant	39.8 Mi.	537,439.00
7	Total Cost - Products Extraction Facilities		$ 5,922,130.43
	PRODUCTION AND GATHERING FACILITIES		
	Field Lines		
8	San Juan Field		$ 13,147,854.00
9	Piceance Creek Field		421,346.43
10	Bar-X Field		159,525.19
11	Big Piney Field		1,631,322.70
12	Well Drilling and Well and Lease Costs		$ 29,606,564.86
13	Total Cost - Production and Gathering Facilities		$ 44,966,613.18
14	RIVER CROSSINGS		$ 4,054,088.98
15	METERING FACILITIES		$ 2,348,426.84
16	GENERAL AND INTANGIBLE COSTS		$ 4,451,773.97
17	WASHINGTON SALES AND USE TAX		(A) $ 1,216,507.62
18	TOTAL - PACIFIC NORTHWEST PIPELINE CORPORATION FACILITIES CONSTRUCTED AS OF DECEMBER 31, 1957 PROPOSED TO BE ABANDONED BY PACIFIC NORTHWEST PIPELINE CORPORATION		$226,701,873.11

NOTES: (A) This Amount Represents the Portion of a Contingent Sales and Use Tax Liability to the State of Washington Which Has Not Been Allocated to Accounts in Gas Plant in Service. This Liability is Presently Being Contested by the Company in the Courts of the State of Washington. None of This Amount is Included Elsewhere in the Cost of Facilities Listed Above.

Pacific Northwest Pipeline Corporation

SUMMARY OF PACIFIC NORTHWEST PIPELINE CORPORATION FACILITIES WHICH HAVE BEEN CERTIFICATED AND ARE EITHER IN THE PROCESS OF CONSTRUCTION OR ARE TO BE CONSTRUCTED

Schedule No. 2

Line No.	Description (1)	Quantity (2)	Estimated Original Cost 1958 From Work In Progress (3)	1958 New Construction (4)	1958 Total (5)	1959 (6)	1960 (7)	1961 (8)
	PIPELINES							
	Branch Lines							
1	10-3/4" O.D , Pipeline from 16" Spokane Line to Junction of Metaline Falls and Borderline	85.7 Mi.	$ -	$ -	$ -	$ -	$ -	$ -
2	6-5/8" O D., Pipeline from Junction to Canada - U. S. Border near Trail, Canada	12.9 Mi.	-	-	-	-	-	-
3	6-5/8" O.D., Pipeline from Junction to Metaline Falls, Washington	15.6 Mi.	-	-	-	-	-	-
4	8-5/8" O.D., Pipeline from 20" Spokane Line to Hanford, Washington	11.0 Mi.	-	-	-	-	-	-
5	6-5/8" O.D., Pipeline from 26" Mainline to Concrete, Washington	21.8 Mi.	-	-	-	-	-	-
6	3-1/2" Branch Transmission Line from 22" Mainline to Oregon Portland Cement Co., Baker Co., Oregon	1.4 Mi.	-	-	-	-	-	-
7	4-1/2" O.D., Pipeline from 26" Mainline to The Dalles, Oregon	8.5 Mi.	-	-	-	-	-	-
8	10-3/4" O.D., Pipeline from 10" Olympia Lateral to McIntosh, Washington	15.9 Mi.	-	-	-	-	-	-
9	6-5/8" O.D., Pipeline from 26" Mainline to Rangely Field, Colorado	1.1 Mi.	40,008.00	-	40,008.00	-	-	-
10	Miscellaneous Improvements Consisting of Aerial and Road Markers, Valve Fences, Access Roads, Tools, Etc.		1,116,711.00	417,200.00	1,533,911.00	306,000.00	188,700.00	188,700
11	Total Cost - Branch Lines		$1,156,719.00	$417,200.00	$1,573,919.00	$306,000.00	$188,700.00	$188,700
	COMPRESSOR STATIONS							
	Mainline							
12	Compressor Station No. 1 Addition	2,000 H.P.	$ 646,648.00	$ -	$ 646,648.00	$ -	$ -	$ -
13	Compressor Station No 18	8,000 H.P.	2,432,568.00	-	2,432,568.00	-	-	-
14	Miscellaneous Improvements Consisting of Employee Housing, Air Motors, Lube Oil, Pumps and Tanks, Fences, Water Treating Equipment, Landscaping, Tools, Etc.		67,799.00	206,005.00	273,804.00	280,500.00	178,500.00	178,500
15	Total Cost - Mainline Compression		$3,147,015.00	$206,005.00	$3,353,020.00	$280,500.00	$178,500.00	$178,500
	Supply Line							
16	Rangely Field Compressor Unit	220 H.P.	$ 88,000.00	$ -	$ 88,000.00	$ -	$ -	$ -
	DEHYDRATION PLANT							
17	Piceance Creek Dehydration Plant	20 MMCFD	$ 220,500.00	$ -	$ 220,500.00	$ -	$ -	$ -
18	METERING FACILITIES		$ 198,728.00	$ 17,077.00	$ 215,805.00	$ 20,400.00	$ 20,400.00	$ 20,400
19	TOTAL - PACIFIC NORTHWEST PIPELINE CORPORATION FACILITIES WHICH HAVE BEEN CERTIFICATED AND ARE EITHER IN THE PROCESS OF CONSTRUCTION OR ARE TO BE CONSTRUCTED		$4,810,962.00	$640,282.00	$5,451,244.00	$606,900.00	$387,600.00	$387,600

	Estimated Original Cost					
	Total (5)	1959 (6)	1960 (7)	1961 (8)	1962 (9)	Subsequent To 1962 (10)
	$ -	$ -	$ -	$ -	$ -	$2,512,501.00
	-	-	-	-	-	252,144.00
	-	-	-	-	-	422,544.00
	-	-	-	-	-	422,346.00
	-	-	-	-	-	572,797.00
	-	-	-	-	-	28,600.00
	-	-	-	-	-	193,417.00
	-	-	-	-	-	650,000.00
	40,008.00	-	-	-	-	-
0	1,533,911.00	306,000.00	188,700.00	188,700.00	188,700.00	-
0	$1,573,919.00	$306,000.00	$188,700.00	$188,700.00	$188,700.00	$5,054,349.00
	$ 646,648.00	$ -	$ -	$ -	$ -	$ -
	2,432,568.00	-	-	-	-	-
0	273,804.00	280,500.00	178,500.00	178,500.00	178,500.00	-
0	$3,353,020.00	$280,500.00	$178,500.00	$178,500.00	$178,500.00	$ -
-	$ 88,000.00	$ -	$ -	$ -	$ -	$ -
--	$ 220,500.00	$ -	$ -	$ -	$ -	$ -
0	$ 215,805.00	$ 20,400.00	$ 20,400.00	$ 20,400.00	$ 20,400.00	$ 239,500.00
0	$5,451,244.00	$606,900.00	$387,600.00	$387,600.00	$387,600.00	$5,293,849.00

(7025)

Hearing Exhibit No. 344 7025

Filed with Exec. Certification
dated NOV 20 1959

FPC Docket No. G-____

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Pacific Northwest Pipeline Corporation

EXHIBIT N

REVENUES - EXPENSES - INCOME

FPC Docket No. G-_____
Exhibit H

Pacific Northwest Pipeline Corporation

[redacted]

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Pacific Northwest Pipeline Corporation
SUMMARY OF REVENUES, EXPENSES AND INCOME

Line No.	Description (1)	Reference Page No. (2)	Reference Line No. (2)	1958 (3)	1959 (4)	1960 (5)	1961 (6)	1962 (7)
	Gas Operating Revenues:							
	Gas Service Revenues -							
1	Sales to Main-Line Industrial Customers	2	15	$ 4,687,000	$ 6,020,000	$ 6,020,000	$ 6,020,000	$ 6,020,000
2	Sales to Distribution Companies	2	9	30,833,000	37,333,000	39,349,000	41,854,000	44,326,000
3	Sales to Other Gas Pipelines	2	12	22,436,000	32,872,000	32,872,000	32,872,000	32,872,000
4	Total Gas Service Revenues			$ 57,956,000	$ 76,225,000	$ 78,241,000	$ 80,746,000	$ 83,218,000
	Other Gas Revenues -							
5	Sales of Products Extracted from Natural Gas	14	-	1,219,253	1,887,243	2,026,181	2,233,636	2,473,006
6	Other Gas Revenues Except Products Sales	15	5	130,000	130,000	130,000	130,000	130,000
7	Total Gas Operating Revenues			$ 59,305,253	$ 78,242,243	$ 80,397,181	$ 83,109,636	$ 85,821,006
	Operating Revenue Deductions:							
	Operating Expenses -							
	Production							
8	Cost of Gas Sold	16	20	$ 28,741,785	$ 35,840,199	$ 36,126,362	$ 36,581,914	$ 37,375,213
9	Gas Well Royalties	17	-	2,374,040	4,207,006	4,458,944	4,833,672	5,151,718
10	Other Natural Gas Production and Gathering	16	6	2,232,948	2,306,487	3,297,430	3,493,970	3,759,808
11	Exploration and Development	21	5	491,500	494,500	479,900	468,140	470,000
12	Transmission	23	17	3,254,692	3,555,003	3,951,330	4,140,867	4,333,724
13	Administrative and General	24	20	2,722,416	3,563,614	3,788,426	3,947,287	4,086,112
14	Depreciation, Depletion and Amortization	25	8	8,909,215	10,174,056	10,579,591	10,964,820	11,311,899
15	Taxes, Other than Federal Income Tax	26	-	2,527,828	2,902,603	2,962,060	3,008,919	3,038,139
16	Provision for Federal Income Tax	27	-		1,651,102	3,314,827	3,827,249	4,220,333
17	Total Operating Revenue Deductions			$ 51,254,424	$ 65,294,550	$ 68,958,870	$ 71,267,538	$ 73,746,946
18	Net Operating Revenue			$ 8,050,829	$ 12,947,293	$ 11,438,311	$ 11,842,098	$ 12,074,060
	Other Income							
19	Interest Revenue			$ 192,400	$ 42,500	$ 50,250	$ 45,000	$ 48,250
	Income Deductions							
20	Interest on Long-Term Debt			$ 9,125,484	$ 8,957,985	$ 8,485,464	$ 8,400,164	$ 8,247,214
21	Amortization of Debt Expense			193,954	140,708	128,620	117,605	107,567
22	Interest Charged to Construction - Cr.			(515,840)	(224,240)	(195,940)	(174,740)	(148,740)
23	Total Income Deductions			$ 8,803,598	$ 8,874,453	$ 8,418,144	$ 8,343,029	$ 8,206,041
24	Net Income (Loss)			$ (560,269)	$ 4,142,640	$ 3,970,417	$ 3,544,069	$ 3,906,269
25	Net Investment Rate Base	28		$263,002,323	$279,226,557	$277,308,842	$274,182,374	$270,089,831
26	Net Operating Revenue	1	17	$ 8,050,829	$ 12,947,593	$ 11,438,311	$ 11,842,098	$ 12,047,060
27	Rate of Return	-	-	3.06%	4.62%	4.12%	4.32%	4.46%

Exhibit M 2/11/63

Pacific Northwest Pipeline Corporation
SUMMARY OF ESTIMATED GAS SALES AND REVENUES, BY RATE SCHEDULES
By Years, 1958 - 1962
(MMcf Volumes at 14.73 psia; Assumed Heating Value, 1,050 Btu/cu.ft.)

Description	Rate Schedule	Annual Sales Volumes - MMcf					Annual Gas Sales Revenues - Thousands of Dollars				
		1958	1959	1960	1961	1962	1958	1959	1960	1961	1962
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Sales to Distribution Companies											
Firm Rate Schedules	DS-1	845	871	991	1,104	1,090	400	410	468	521	513
	DI-1	6,230	7,383	7,499	7,422	8,236	2,957	3,612	3,670	3,598	3,944
	DL-1	26,720	36,734	42,221	49,732	57,513	10,375	14,370	16,437	19,427	22,182
	S-1	190	328	328	328	328	70	120	120	120	120
Total Firm		33,985	45,316	51,039	58,586	67,167	13,802	18,512	20,695	23,666	26,759
Interruptible Rate Schedules	C-1	1,545	2,363	2,558	2,559	2,561	487	745	808	808	808
	I-1	55,079	60,184	59,423	57,869	55,804	16,544	18,076	17,846	17,380	16,759
Total Interruptible		56,624	62,547	61,981	60,428	58,365	17,031	18,821	18,654	18,188	17,567
Total Sales to Distribution Companies		90,609	107,863	113,020	119,014	125,532	30,833	37,333	39,349	41,854	44,326
Sales to Other Pipe Line Companies	FL-1	54,750	91,250	91,250	91,250	91,250	14,490	24,656	24,656	24,656	24,656
	X-1	31,818	33,229	33,229	33,229	33,229	7,946	8,216	8,216	8,216	8,216
Total Sales to Other Pipe Line Companies		86,568	124,479	124,479	124,479	124,479	22,436	32,872	32,872	32,872	32,872
Direct Sales											
Firm		7,067	9,279	9,279	9,279	9,279	2,446	3,331	3,331	3,331	3,331
Interruptible		5,969	7,179	7,179	7,179	7,179	2,241	2,689	2,689	2,689	2,689
Total Direct Sales		13,036	16,458	16,458	16,458	16,458	4,687	6,020	6,020	6,020	6,020
Total, All Clases											
Firm		127,620	179,074	184,797	192,344	200,925	38,684	54,715	56,896	59,869	62,962
Interruptible		62,593	69,726	69,160	67,607	65,544	19,272	21,510	21,343	20,877	20,256
Total Sales and Revenues		190,213	248,800	253,957	259,951	266,469	57,956	76,225	78,241	80,746	83,218

Pacific Northwest Pipeline Corporation
ESTIMATED GAS SALES AND REVENUES, BY CUSTOMERS
By Years, 1958 - 1962
(MMcf Volumes at 14.73 psia; Assumed Heating Value, 1,050 Btu/cu.ft.)

Customer and Location (1)	Rate Schedule (2)	Annual Sales Volumes - MMcf 1958 (3)	1959 (4)	1960 (5)	1961 (6)	1962 (7)	Annual Gas Sales Revenues - Thousands of Dollars 1958 (8)	1959 (9)	1960 (10)	1961 (11)	1962 (12)
Sales to Distribution Companies											
Buckley, City of											
Buckley, Washington	DS-1	8	13	17	22	25	4	6	8	10	12
California-Pacific Utilities Company											
La Grande, Oregon	DS-1	78					37				
	DI-1	26	122	133	143	153	12	61	67	71	76
	C-1	10	27	27	28	29	3	8	9	9	9
Total California-Pacific Utilities Company		114	149	160	171	182	52	69	76	80	85
Cascade Natural Gas Corporation											
Anacortes, Washington	DI-1	140	174	200	223	253	69	83	92	101	110
	C-1	41	150	150	150	150	13	47	47	47	47
	S-1	12	27	27	27	27	4	10	10	10	10
	I-1	1,490	2,500	2,500	2,500	2,628	448	751	751	751	789
Total Anacortes		1,683	2,851	2,877	2,900	3,058	534	891	900	909	956
Athena, Oregon (Includes Weston) Included with Pendleton, Oregon											
Baker, Oregon	DS-1	97					45				
	DI-1	37	166	187	209	231	19	83	91	100	108
	I-1	209	533	534	533	533	63	160	160	160	160
		343	699	721	742	764	127	243	251	260	268
Bellingham, Washington	DI-1	492	592	688	775	882	217	284	319	349	384
	S-1	11	20	20	20	20	4	7	7	7	7
	C-1	35	100	100	100	100	11	32	32	32	32
	I-1	4,865	5,716	6.032	6,158	6,715	1,461	1,717	1,812	1,849	2,016
Total Bellingham		5,403	6,428	6,840	7.053	7,717	1,693	2,040	2,170	2,237	2,439
Grandview, Washington	DS-1	29	35	40	46	52	14	16	19	22	25
	S-1	34	34	34	34	34	13	13	13	13	13
	I-1	22	22	23	23	23	7	7	7	7	7
Total Grandview		85	91	97	103	109	34	36	39	42	45
Kennewick, Washington	DI-1	67	82	98	115	132	33	41	49	58	66
	S-1	6	6	6	6	6	2	2	2	2	2
	I-1	32	32	32	32	32	10	10	10	10	10
Total Kennewick		105	120	136	153	170	45	53	61	70	78

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Pacific Northwest Pipeline Corporation
ESTIMATED GAS SALES AND REVENUES, BY CUSTOMERS
By Years, 1958 - 1962
(MMcf Volumes at 14.73 psia; Assumed Heating Value, 1,050 Btu/cu.ft.)

Line No.	Customer and Location (1)	Rate Schedule (2)	Annual Sales Volumes - MMcf 1958 (3)	1959 (4)	1960 (5)	1961 (6)	1962 (7)	Annual Gas Sales Revenues - Thousands of Dollars 1958 (8)	1959 (9)	1960 (10)	1961 (11)	1962 (12)
	Sales to Distribution Companies (Continued)											
	Cascade Natural Gas Corporation (Continued)											
1	Lewiston, Idaho (includes Clarkston, Washington)	DI-1	184	225	266	308	351	90	113	134	155	174
2		S-1	9	9	9	9	9	3	3	3	3	3
3		C-1	14	26	26	26	26	4	8	8	8	8
4	Total Lewiston		207	260	301	343	386	97	124	145	166	185
5	Pasco, Washington	DI-1	42	61	81	102	123	21	31	41	51	62
6	Pendleton, Oregon (includes Athena and Weston)	DI-1	490	518	547	577	607	223	242	252	262	272
7		S-1	16	25	25	25	25	6	9	9	9	9
8		I-1	336	393	393	392	392	101	118	118	118	118
9	Total Pendleton		842	936	965	994	1,024	330	369	379	389	399
10	Prosser, Washington	DI-1	27	33	39	46	51	13	17	20	23	26
11		S-1	7	7	7	7	7	2	2	2	2	2
12	Total Prosser		34	40	46	53	58	15	19	22	25	28
13	Sunnyside, Washington	DI-1	142	152	162	172	182	65	74	77	81	85
14		S-1	2	12	12	12	12	1	4	4	4	4
15	Total Sunnyside		144	164	174	184	194	66	78	81	85	89
16	Toppenish, Washington (Includes Zillah, Granger and Wapato)	DI-1	135	155	176	197	219	64	78	88	97	106
17		S-1	2	4	4	4	4	1	1	1	1	1
18		I-1	1,127	1,326	1,326	1,326	1,326	339	398	398	398	398
19	Total Toppenish		1,264	1,485	1,506	1,527	1,549	404	477	487	496	505
20	Walla Walla, Washington	DI-1	255	346	400	451	503	127	174	201	227	253
21		C-1	8	70	161	161	161	3	22	51	51	51
22		I-1	165	175	175	175	175	50	53	53	53	53
23	Total Walla Walla		428	591	736	787	839	180	249	305	331	357
24	Wenatchee, Washington	DI-1	206	245	280	317	354	94	123	141	160	175
25		S-1	-	4	4	4	4	-	2	2	2	2
26		C-1	11	26	26	26	26	3	8	8	8	8
27		I-1	60	60	61	60	60	18	18	18	18	18
28	Total Wenatchee		277	335	371	407	444	115	151	169	188	203
29	Yakima, Washington (Includes Union Gap)	DI-1	321	-	-	-	-	143	-	-	-	-
30		DL-1	137	557	653	751	851	56	227	266	306	347
31		S-1	59	59	59	59	59	22	22	22	22	22
32		C-1	40	78	78	78	78	13	25	25	25	25
33		I-1	139	178	178	178	178	42	54	54	54	54
34	Total Yakima		696	872	968	1,066	1,166	276	328	367	407	448

Pacific Northwest Pipeline Corporation
ESTIMATED GAS SALES AND REVENUES, BY CUSTOMERS
By Years, 1958 - 1962
(Mcf Volumes at 14.73 psia; Assumed Heating Value, 1,050 Btu/cu.ft.)

Line No.	Customer and Location	Rate Schedule	Annual Sales Volumes - Mcf 1958	1959	1960	1961	1962	Annual Gas Sales Revenues - Thousands of Dollars 1958	1959	1960	1961	1962
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	Sales to Distribution Companies (Continued)											
	Cascade Natural Gas Corporation (Continued)											
1	Cascade Natural Gas System Firm	DS-1	126	35	40	46	52	59	16	19	22	25
2		DI-1	2,538	2,749	3,124	3,492	3,888	1,178	1,343	1,505	1,664	1,821
3		DL-1	137	557	653	751	851	56	227	266	306	347
4		S-1	158	207	207	207	207	58	75	75	75	75
5	Total System Firm		2,959	3,548	4,024	4,496	4,998	1,351	1,661	1,865	2,067	2,268
6	Cascade Natural Gas System Interruptible	C-1	149	450	541	541	541	47	142	171	171	171
7		I-1	8,445	10,935	11,254	11,377	12,062	2,539	3,286	3,381	3,418	3,623
8	Total System Interruptible		8,594	11,385	11,795	11,918	12,603	2,586	3,428	3,552	3,589	3,794
9	Total Cascade Natural Gas Corporation		11,553	14,933	15,819	16,414	17,601	3,937	5,089	5,417	5,656	6,062
	Cortez Natural Gas Company, Inc.											
10	Cortez, Colorado	DI-1	80	111	134	158	163	40	56	67	77	81
11	Dolores, Colorado	DS-1	10	12	14	14	14	5	6	6	6	6
12	Total Cortez Natural Gas Company, Inc.		90	123	148	172	177	45	62	73	83	87
	Eastern Oregon Natural Gas Company											
13	Milton-Freewater, Oregon	DI-1	89	42	52	55	57	10	21	24	28	29
14		S-1	32	32	32	32	32	12	12	12	12	12
15		I-1	70	70	70	70	70	21	21	21	21	21
16	Total Milton-Freewater		191	144	154	157	159	43	54	59	61	62
17	Ontario, Oregon (includes Nyssa)	DI-1	144	190	225	264	273	72	96	113	133	136
18		I-1	1,450	1,567	1,567	1,567	1,567	435	470	470	470	470
19	Total Ontario		1,594	1,757	1,792	1,831	1,840	507	566	583	603	606
20	Eastern Oregon System Firm	DI-1	163	232	277	319	330	82	117	139	161	165
21		S-1	32	32	32	32	32	12	12	12	12	12
22	Total System Firm		195	264	309	351	362	94	129	151	173	177
23	Eastern Oregon System Interruptible	I-1	1,520	1,637	1,637	1,637	1,637	456	491	491	491	491
24	Total Eastern Oregon Natural Gas Company		1,715	1,901	1,946	1,988	1,999	550	620	642	664	668
	Eastern Washington Natural Gas Company											
25	Ritzville, Washington	DS-1	53	152	174	196	204	25	72	82	93	96
	Ellensburg, City of											
26	Ellensburg, Washington	DI-1	86	136	172	203	229	43	69	87	101	111
								827				

Pacific Northwest Pipeline Corporation
ESTIMATED GAS SALES AND REVENUES, BY CUSTOMER
By Years, 1958 - 1962
(MMcf Volumes at 14.73 psia; Assumed Heating Value, 1,050 Btu/cu.ft.)

Line No.	Customer and Location	Rate Schedule	Annual Sales Volumes - MMcf					Annual Gas Sales Revenues - Thousands of Dollars				
			1958	1959	1960	1961	1962	1958	1959	1960	1961	1962
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	Sales to Distribution Companies (Continued)											
	Enumclaw, City of											
1	Enumclaw, Washington	DI-1	26	43	56	67	78	13	22	28	34	39
	Intermountain Gas Company											
2	American Falls, Idaho	DS-1	26	40	46	51	55	12	19	22	24	26
3	Bancroft, Idaho	DS-1	16	22	22	22	23	8	10	10	11	11
4	Boise, Idaho (includes Meridian)	DI-1	620	871	-	-	-	269	395	-	-	-
5		DL-1	-	-	1,073	1,238	1,379	-	-	437	504	562
6		C-1	117	155	154	154	155	37	49	49	49	49
7		I-1	332	332	332	332	332	100	100	100	100	100
8	Total Boise		1,069	1,358	1,559	1,724	1,866	406	544	586	653	711
9	Burley, Idaho (includes Rupert and Heyburn)	DI-1	119	159	178	195	208	59	80	90	98	104
10		I-1	416	781	781	781	781	125	235	235	235	235
11	Total Burley		535	940	959	976	989	184	315	325	333	339
12	Declo, Idaho	DS-1	3	6	7	9	9	2	3	3	4	4
13	Emmett, Idaho (includes Parma)	DI-1	138	189	215	233	246	70	93	104	114	121
14		I-1	24	945	945	945	945	7	284	284	284	284
15	Total Emmett		162	1,134	1,160	1,178	1,191	77	372	388	398	405
16	Filer, Idaho	DS-1	36	51	58	62	65	17	24	27	29	31
17	Fruitland, Idaho	DS-1	17	23	25	27	28	8	11	12	13	13
18	Georgetown, Idaho	DS-1	15	19	19	20	20	7	9	9	9	9
19		I-1	240	419	419	419	419	72	126	126	126	126
20	Total Georgetown		255	438	438	439	439	79	135	135	135	135
21	Glenns Ferry, Idaho	DS-1	27	35	40	45	50	13	16	19	21	23
22	Gooding, Idaho (includes Jerome, Wendell and Buhl)	DI-1	183	253	295	334	362	91	128	149	166	177
23		I-1	349	349	349	349	349	105	105	105	105	105
24	Total Gooding		532	602	644	683	711	196	233	254	271	282
25	Grace, Idaho	DS-1	19	24	24	26	27	9	11	12	12	13
26	Hansen, Idaho	DS-1	5	8	10	12	14	3	4	5	6	7

Pacific Northwest Pipeline Corporation
ESTIMATED GAS SALES AND REVENUES, BY CUSTOMERS
By Years, 1958 - 1962
(MMcf Volumes at 14.73 psia; Assumed Heating Value, 1,050 Btu/cu.ft.)

Line No.	Customer and Location (1)	Rate Schedule (2)	Annual Sales Volumes - MMcf 1958 (3)	1959 (4)	1960 (5)	1961 (6)	1962 (7)	Annual Gas Sales Revenues - Thousands of Dollars 1958 (8)	1959 (9)	1960 (10)	1961 (11)	1962 (12)
	Sales to Distribution Companies (Continued)											
	Intermountain Gas Company (Continued)											
1	Idaho Falls, Idaho (includes Blackfoot and Shelley)	DI-1	512	737	861	-	-	255	371	425	-	-
2		DL-1	-	-	-	983	1,089	-	-	-	401	444
3		C-1	47	55	55	55	55	15	17	17	17	17
4		I-1	1,652	1,652	1,652	1,652	1,652	496	496	496	496	496
5	Total Idaho Falls		2,211	2,444	2,568	2,690	2,796	766	884	938	914	957
6	Inkom, Idaho	DS-1	6	9	12	15	16	3	4	6	7	7
7	Kimberly, Idaho	DS-1	10	16	19	23	26	5	7	9	11	12
8	Lava Hot Springs, Idaho	DS-1	30	41	43	46	48	14	19	20	22	23
9	McCammon, Idaho	DS-1	10	17	18	20	21	4	8	9	9	10
10	Montpelier, Idaho	DS-1	36	46	48	51	54	17	22	23	24	26
11	Mountain Home, Idaho	DI-1	140	161	174	185	193	61	81	87	93	97
12		C-1	166	333	333	333	333	52	105	105	105	105
13	Total Mountain Home		306	494	507	518	526	113	186	192	198	202
14	Nampa, Idaho (includes Caldwell)	DI-1	212	-	-	-	-	106	-	-	-	-
15		DL-1	105	496	687	834	960	43	202	280	340	391
16		I-1	1,982	1,982	1,982	1,982	1,982	595	595	595	595	595
17	Total Nampa		2,299	2,478	2,669	2,816	2,942	744	797	875	935	986
18	New Plymouth, Idaho	DS-1	28	36	39	42	45	13	17	18	20	21
19	Payette, Idaho (includes Weiser)	DI-1	170	228	265	292	312	82	112	127	141	152
20		I-1	176	176	176	176	176	53	53	53	53	53
21	Total Payette		346	404	441	468	488	135	165	180	194	205
22	Pocatello, Idaho	DI-1	274	-	-	-	-	136	-	-	-	-
23		DL-1	133	569	675	765	846	54	232	275	311	345
24		C-1	171	171	171	171	171	54	54	54	54	54
25		I-1	116	238	238	238	238	35	71	71	71	71
26	Total Pocatello		694	978	1,084	1,174	1,255	279	357	400	436	470
27	Soda Springs, Idaho	DS-1	37	55	62	69	73	18	26	29	33	34
28		I-1	164	319	319	319	319	49	96	96	96	96
29	Total Soda Springs		201	374	381	388	392	67	122	125	129	130
30	Twin Falls, Idaho	DI-1	326	476	582	660	732	163	240	287	319	346
31		I-1	95	690	690	690	690	29	207	207	207	207
32	Total Twin Falls		421	1,166	1,272	1,350	1,422	192	447	494	526	553

Pacific Northwest Pipeline Corporation
ESTIMATED GAS SALES AND REVENUES, BY CUSTOMERS
By Years, 1958 - 1962
(MMcf Volumes at 14.73 psia; Assumed Heating Value, 1,050 Btu/cu.ft.)

Customer and Location (1)	Rate Schedule (2)	Annual Sales Volumes - MMcf 1958 (3)	1959 (4)	1960 (5)	1961 (6)	1962 (7)	Annual Gas Sales Revenues - Thousands of Dollar 1958 (8)	1959 (9)	1960 (10)	1961 (11)	1962 (12)
Sales to Distribution Companies (Continued)											
Intermountain Gas Company (Continued)											
Intermountain Gas System Firm	DS-1	321	448	492	540	575	153	210	233	255	270
	DI-1	2,694	3,074	2,570	1,899	2,053	1,292	1,495	1,269	931	997
	DL-1	238	1,065	2,435	3,820	4,274	97	434	992	1,556	1,742
Total System Firm		3,253	4,587	5,497	6.259	6,902	1,542	2,139	2,494	2,742	3,009
Intermountain Gas System Interruptible	C-1	501	714	713	713	714	158	225	225	225	225
	I-1	5,546	7,883	7.883	7,883	7,883	1,666	2,368	2,368	2,368	2,368
Total System Interruptible		6,047	8,597	8,596	8,596	8,597	1,824	2,593	2,593	2,593	2,593
Total Intermountain Gas Company		9,300	13,184	14,093	14,855	15,499	3,366	4,732	5,087	5,335	5,602
Moses Lake, City of											
Moses Lake, Washington	DI-1	22	80	102	128	154	11	40	51	64	78
Pacific Natural Gas Company											
Castle Rock, Washington	DS-1	2	8	13	18	22	1	4	6	8	10
Longview, Washington (includes Kelso)	DI-1	367	434	503	573	644	184	219	252	281	310
	I-1	4,960	7,132	7,131	7,131	7,131	1,490	2,142	2,142	2,142	2,142
Total Longview		5,327	7,566	7,634	7,704	7,775	1,674	2,361	2,394	2,423	2,452
Monroe, Washington	DS-1	5	17	26	31	36	2	8	12	15	17
	S-1	-	89	89	89	89	-	33	33	33	33
	C-1	-	71	167	167	167	-	23	53	53	53
Total Monroe		5	177	282	287	292	2	64	98	101	103
Mount Vernon, Washington	DI-1	41	52	64	75	87	20	26	30	38	44
	I-1	161	169	169	169	169	48	51	51	51	51
Total Mount Vernon		202	221	233	244	256	68	77	81	89	95
Snohomish, Washington	DS-1	3	17	27	36	44	2	8	13	17	21
Woodland, Washington	DS-1	3	9	13	17	21	2	4	6	8	10
Pacific Natural Gas System Firm	DS-1	13	51	79	102	123	7	24	37	48	58
	DI-1	408	486	567	648	731	204	245	282	319	354
	S-1	-	89	89	89	89	-	33	33	33	33
Total System Firm		421	626	735	839	943	211	302	352	400	445

Pacific Northwest Pipeline Corporation
ESTIMATED GAS SALES AND REVENUES, BY CUSTOMERS
By Years, 1958 - 1962
(MMcf Volumes at 14.73 psia; Assumed Heating Value, 1,050 Btu/cu.ft.)

Customer and Location (1)	Rate Schedule (2)	Annual Sales Volumes - MMcf 1958 (3)	1959 (4)	1960 (5)	1961 (6)	1962 (7)	Annual Gas Sales Revenues - Thousands of Dollar 1958 (8)	1959 (9)	1960 (10)	1961 (11)	1962 (12)
Sales to Distribution Companies (Continued)											
Pacific Natural Gas Company (Continued)											
Pacific Natural Gas System Interruptible	C-1	-	71	167	167	167	-	23	53	53	53
	I-1	5,121	7,301	7,300	7,300	7,300	1,538	2,193	2,193	2,193	2,193
Total System Interruptible		5,121	7,372	7,467	7,467	7,467	1,538	2,216	2,246	2,246	2,246
Total Pacific Natural Gas Company		5,542	7,998	8,202	8,306	8,410	1,749	2,518	2,598	2,646	2,691
Portland Gas & Coke Company											
Portland, Oregon (includes Camas, Washougal and Vancouver, Washington)	DL-1	12,402	14,192	16,460	18,866	20,845	5,018	5,782	6,706	7,686	8,492
	I-1	13,677	14,565	13,867	13,333	12,857	4,107	4,374	4,164	4,004	3,861
Total Portland		26,079	28,757	30,327	32,199	33,702	9,125	10,156	10,870	11,690	12,353
Public Service Company of Colorado											
Rifle, Colorado	DS-1	39	65	78	87	-	18	31	37	41	-
	DI-1	-	-	-	-	92	-	-	-	-	46
	I-1	686	743	686	686	674	206	223	206	206	202
Total Rifle		725	808	764	773	766	224	254	243	247	248
Spokane Natural Gas Company											
Spokane, Washington (includes Pullman, Washington and Moscow, Idaho)	DL-1	5,390	7,491	8,387	8,962	11,257	2,019	2,923	3,264	3,566	4,222
	C-1	885	1,101	1,110	1,110	1,110	279	347	350	350	350
	I-1	2,676	2,227	1,903	1,903	879	804	669	571	571	264
Total Spokane		8,951	10,819	11,400	11,975	13,246	3,102	3,939	4,185	4,487	4,836
Utah Gas Service Company											
Moab, Utah	DS-1	117	-	-	-	-	55	-	-	-	-
	DI-1	-	136	144	144	144	-	63	69	69	69
	I-1	95	103	103	103	103	29	31	31	31	31
Total Moab		212	239	247	247	247	84	94	100	100	100
Monticello, Utah	DS-1	80	95	97	97	97	37	45	46	46	46
	I-1	143	143	143	143	143	43	43	43	43	43
Total Monticello		223	238	240	240	240	80	88	89	89	89
Vernal, Utah	DI-1	182	209	215	216	216	80	99	104	105	105
	I-1	171	171	171	171	171	51	51	51	51	51
Total Vernal		353	380	386	387	387	131	150	155	156	156

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Pacific Northwest Pipeline Corporation
ESTIMATED GAS SALES AND REVENUES, BY CUSTOMERS
By Years, 1958 - 1962
(MMcf Volumes at 14.73 psia; Assumed Heating Value, 1,050 Btu/cu.ft.)

Customer and Location (1)	Rate Schedule (2)
Sales to Distribution Companies (Continued)	
Utah Gas Service Company (Continued)	
Utah Gas Service System Firm	DG-1
	DI-1
Total System Firm	
Utah Gas Service System Interruptible	I-1
Total Utah Gas Service Company	
Washington Natural Gas Company	
Seattle, Washington (includes Centralia, Chehalis, Everett, Olympia, Tacoma)	DL-1
	I-1
Total Seattle	
Western Slope Gas Company	
Grand County, Colorado	DI-1
Total Sales to Distribution Companies	

Annual Sales Volumes - MMcf					Annual Gas Sales Revenues - Thousands of Dollars				
1958 (3)	1959 (4)	1960 (5)	1961 (6)	1962 (7)	1958 (8)	1959 (9)	1960 (10)	1961 (11)	1962 (12)
197	95	97	97	97	92	45	46	46	46
182	345	359	360	360	80	162	173	174	174
379	440	456	457	457	172	207	219	220	220
409	417	417	417	417	123	125	125	125	125
788	857	873	874	874	295	332	344	345	345
8,553	13,429	14,286	17,333	20,286	3,185	5,004	5,209	6,313	7,379
16,999	14,476	14,476	13,333	12,095	5,105	4,347	4,347	4,004	3,632
25,552	27,905	28,762	30,666	32,381	8,290	9,351	9,556	10,317	11,011
5	5	5	5	5	2	2	2	2	2
90,609	107,863	113,020	119,014	125,532	30,833	37,333	39,349	41,854	44,326

Pacific Northwest Pipeline Corporation
ESTIMATED GAS SALES AND REVENUES, BY CUSTOMERS
By Years, 1958 - 1962
(MMcf Volumes at 14.73 psia; Assumed Heating Value, 1,050 Btu/cu.ft.)

Customer and Location (1)	Rate Schedule (2)	Annual Sales Volumes - MMcf 1958 (3)	1959 (4)	1960 (5)	1961 (6)	1962 (7)	Annual Gas Sales Revenues - Thousands of Dollars 1958 (8)	1959 (9)	1960 (10)	1961 (11)	1962 (12)
Sales to Other Pipe Line Companies											
Colorado Interstate Gas Company Green River, Wyoming	PL-1	36,500	73,000	73,000	73,000	73,000	9,660	19,725	19,725	19,725	19,725
El Paso Natural Gas Company Sumas, Washington	X-1	31,818	33,229	33,229	33,229	33,229	7,946	8,216	8,216	8,216	8,216
Mountain Fuel Supply Company Green River, Wyoming	PL-1	18,250	18,250	18,250	18,250	18,250	4,830	4,931	4,931	4,931	4,931
Total Sales to Other Pipe Line Companies	PL-1	54,750	91,250	91,250	91,250	91,250	14,490	24,656	24,656	24,656	24,656
	X-1	31,818	33,229	33,229	33,229	33,229	7,946	8,216	8,216	8,216	8,216
Total		86,568	124,479	124,479	124,479	124,479	22,436	32,872	32,872	32,872	32,872

Pacific Northwest Pipeline Corporation
ESTIMATED GAS SALES AND REVENUES, BY CUSTOMERS
By Years, 1958 - 1962
(MMcf Volumes at 14.73 psia; Assumed Heating Value, 1,050 Btu/cu.ft.)

	Customer and Location	Sales Classification	Annual Sales Volumes - MMcf					Annual Gas Sales Revenues - Thousands of Dollar				
	(1)	(2)	1958 (3)	1959 (4)	1960 (5)	1961 (6)	1962 (7)	1958 (8)	1959 (9)	1960 (10)	1961 (11)	1962 (12)
	Direct Sales											
	Aluminum Company of America											
	Wenatchee, Washington	Interruptible	382	382	382	382	382	137	137	137	137	137
	The Bunker Hill Company											
	Kellogg, Idaho	Firm	1,082	1,071	1,071	1,071	1,071	432	427	427	427	427
	Food Machinery and Chemical Corporation											
	Pocatello, Idaho	Firm	504	504	504	504	504	169	169	169	169	169
		Interruptible	183	198	198	198	198	61	67	67	67	67
			687	702	702	702	702	230	236	236	236	236
	Idaho Portland Cement Company											
	Inkom, Idaho	Interruptible	631	631	631	631	631	212	212	212	212	212
	Ideal Cement Company											
	Grotto, Washington	Interruptible	771	771	771	771	771	340	340	340	340	340
	Lone Star Cement Corporation											
	Concrete, Washington	Firm	-	1,310	1,310	1,310	1,310	-	578	578	578	578
	Menan Starch Co., Inc.											
	Moses Lake, Washington	Firm	6	16	16	16	16	5	14	14	14	14
	Oregon Portland Cement Company											
	Lime, Oregon	Interruptible	-	654	654	654	654	-	248	248	248	248
	Phillips Pacific Chemical Company											
	Hedges, Washington	Firm	1,738	2,641	2,641	2,641	2,641	584	887	887	887	887
		Interruptible	57	373	373	373	373	20	133	133	133	133
			1,795	3,014	3,014	3,014	3,014	604	1,020	1,020	1,020	1,020
	Potlatch Forests, Inc.											
	Lewiston, Idaho	Firm	3,476	3,476	3,476	3,476	3,476	1,168	1,168	1,168	1,168	1,168
		Interruptible	1,680	1,912	1,912	1,912	1,912	600	683	683	683	683
			5,156	5,388	5,388	5,388	5,388	1,768	1,851	1,851	1,851	1,851
	San Francisco Chemical Company											
	Sage, Wyoming	Interruptible	59	59	59	59	59	20	20	20	20	20

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Pacific Northwest Pipeline Corporation
ESTIMATED GAS SALES AND REVENUES, BY CUSTOMERS
By Years, 1958 - 1962
(MMcf Volumes at 14.73 psia; Assumed Heating Value, 1,050 Btu/cu.ft.)

Line No.	Customer and Location (1)	Sales Classification (2)	Annual Sales Volumes - MMcf 1958 (3)	1959 (4)	1960 (5)	1961 (6)	1962 (7)	Annual Gas Sales Revenues - Thousands of Dollars 1958 (8)	1959 (9)	1960 (10)	1961 (11)	1962 (12)
	Direct Sales (Continued)											
	Simplot, J. R., Company											
1	Pocatello, Idaho	Firm	261	261	261	261	261	88	88	88	88	88
2		Interruptible	63	73	73	73	73	21	25	25	25	25
3			324	334	334	334	334	109	113	113	113	113
	Union Carbide Nuclear Company											
4	Slick Rock, Colorado	Interruptible	152	174	174	174	174	58	66	66	66	66
5	Uravan, Colorado	Interruptible	695	695	695	695	695	263	263	263	263	263
	Utah Idaho Sugar Company											
6	Moses Lake, Washington	Interruptible	1,248	1,257	1,257	1,257	1,257	491	495	495	495	495
	Vanadium Corporation of America											
7	Nucla, Colorado	Interruptible	48	-	-	-	-	18	-	-	-	-
	Totals:											
8	Firm		7,067	9,279	9,279	9,279	9,279	2,446	3,331	3,331	3,331	3,331
9	Interruptible		5,969	7,179	7,179	7,179	7,179	2,241	2,689	2,689	2,689	2,689
0	Total Direct Sales		13,036	16,458	16,458	16,458	16,458	4,687	6,020	6,020	6,020	6,020

Pacific Northwest Pipeline Corporation

SALES OF PRODUCTS EXTRACTED FROM NATURAL GAS

Line No.	Description and Year (1)	Gallons (2)	Price Per Gallon (3)	Amount (4)
	1958			
1	Natural Gasoline	7,672,268	5.170¢	$ 396,656
2	Propane	9,638,729	4.564¢	439,526
3	Butane	9,797,215	3.910¢	383,071
4	Total	27,108,212		$1,219,253
	1959			
5	Natural Gasoline	11,554,538	5.295¢	$ 611,813
6	Propane	14,516,048	4.685¢	680,077
7	Butane	14,754,733	4.035¢	595,353
8	Total	40,825,319		$1,887,243
	1960			
9	Natural Gasoline	12,075,120	5.420¢	$ 654,472
10	Propane	15,179,382	4.810¢	730,128
11	Butane	15,422,616	4.160¢	641,581
12	Total	42,677,118		$2,026,181
	1961			
13	Natural Gasoline	12,973,692	5.545¢	$ 719,391
14	Propane	16,298,922	4.935¢	804,352
15	Butane	16,566,936	4.285¢	709,893
16	Total	45,839,550		$2,233,636
	1962			
17	Natural Gasoline	14,004,760	5.670¢	$ 794,070
18	Propane	17,594,280	5.064¢	890,270
19	Butane	17,883,580	4.410¢	788,666
20	Total	49,482,620		$2,473,006

Pacific Northwest Pipeline Corporation
OTHER GAS REVENUES EXCEPT PRODUCTS SALES

Line No.	Description (1)	F.P.C. Account Number (2)
1	Customers Forfeited Discounts and Penalties	612
2	Revenue From Transportation of Gas of Others	615
3	Incidental Gasoline Sales	618.1
4	Incidental Oil Sales	618.2
5	Total Other Gas Revenues Except Products Sales	

1958 (3)	1959 (4)	1960 (5)	1961 (6)	1962 (7)
$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000
6,000	6,000	6,000	6,000	6,000
4,000	4,000	4,000	4,000	4,000
118,000	118,000	118,000	118,000	118,000
$130,000	$130,000	$130,000	$130,000	$130,000

Pacific Northwest Pipeline Corporation
PURCHASED GAS SOLD

Line No.	Description (1)	F.P.C. Account Number (2)	1958 Mcf @14.73 psia (3)	1958 Price Per Mcf (4)	1958 Amount (5)	1959 Mcf @14.73 psia (6)	1959 Price Per Mcf (7)	1959 Amount (8)	1960 Mcf @14.73 psia (9)	1960 Price Per Mcf (10)	1960 Amount (11)	1961 Mcf @14.73 psia (12)	1961 Price Per Mcf (13)	1961 Amount (14)
1	Purchase Gas	745.1												
	San Juan Basin													
2	El Paso Exchange		3,650,000	13.357¢	$ 487,532	3,650,000	15.318¢	$ 559,107	2,190,000	15.318¢	$ 335,464	1,460,000	16.299¢	$ 237,9
3	Other		18,359,500	11.764¢	2,159,812	25,732,500	12.745¢	3,279,607	27,630,500	12.745¢	3,521,507	30,258,500	12.745¢	3,856,4
4	Total San Juan Basin		22,009,500		$ 2,647,343	29,382,500		$ 3,838,714	29,820,500		$ 3,856,971	31,718,500		$ 4,094,4
	Northern Division Fields													
5	Bar-X		2,701,000	11.764¢	$ 317,746	2,701,000	11.764¢	$ 317,746	2,701,000	11.764¢	$ 317,746	2,701,000	11.908¢	$ 322,1
6	Piceance Creek		5,584,500	9.804¢	547,504	5,584,500	9.804¢	547,504	5,584,500	9.804¢	547,504	5,584,500	10.051¢	561,2
7	Rangely		985,500	7.353¢	72,464	2,190,000	7.353¢	161,031	2,190,000	7.353¢	161,031	2,190,000	7.353¢	161,0
8	Big Piney-													
9	High Pressure- 860#		28,652,500	15.686¢	4,494,431	55,845,000	15.686¢	8,759,847	55,808,500	15.686¢	8,754,121	55,808,500	16.014¢	8,936,9
10	Low Pressure- 150#		1,496,500	13.235¢	198,062	547,500	13.235¢	72,462	547,500	13.235¢	72,462	547,500	13.563¢	74,2
11	Low Pressure- 500#		21,206,500	14.705¢	3,118,416	11,534,000	14.705¢	1,696,075	13,724,000	14.705¢	2,018,114	13,724,000	15.116¢	2,074,5
12	Total Norther Division		60,626,500		$ 8,748,623	78,402,000		$11,554,665	80,555,500		$11,870,978	80,555,500		$12,130,2
13	Westcoast - Canadian		83,074,000	21.996¢	$18,272,957	99,681,500	21.749¢	$21,679,729	99,681,500	21.749¢	$21,679,729	99,681,500	21.749¢	$21,679,7
14	Total Purchases Gas		165,710,000		$29,668,923	207,466,000		$37,073,108	210,057,500		$37,407,678	211,955,500		$37,904,3
	Duplicate Charges Credit													
	San Juan - Gasoline Plant													
15	Shrinkage	748.2	2,226,500		$ 377,036	3,248,500		$ 537,887	3,504,000		$ 577,494	3,650,000		$ 601,1
16	San Juan - Field Use	748.3	109,500		16,543	109,500		18,131	109,500		18,047	109,500		18,0
17	Big Piney - Field Use	748.3	109,500		18,543	109,500		18,131	109,500		18,047	109,500		18,0
	Compressor Stations-													
18	Fuel & Line Loss	748.1	3,029,500		513,016	3,978,500		658,760	4,051,500		667,728	4,161,000		685,2
19	Total Duplicate Charges Credit		5,475,000		$ 927,138	7,446,000		$ 1,232,909	7,774,500		$ 1,281,316	8,030,000		$ 1,322,4
20	Total Purchased Gas Sold				$28,741,785			$35,840,199			$36,126,362			$36,581,9

1960			1961			1962		
Mcf @14.73 psia (9)	Price Per Mcf (10)	Amount (11)	Mcf @14.73 psia (12)	Price Per Mcf (13)	Amount (14)	Mcf @14.73 psia (15)	Price Per Mcf (16)	Amount (17)
2,190,000	15.318¢	$ 335,464	1,460,000	16.299¢	$ 237,965	-	-	$ -
27,630,500	12.745¢	3,521,507	30,258,500	12.745¢	3,856,446	34,967,000	12.745¢	4,456,544
29,820,500		$ 3,856,971	31,718,500		$ 4,094,411	34,967,000		$ 4,456,544
2,701,000	11.764¢	$ 317,748	2,701,000	11.928¢	$ 322,174	2,701,000	12.745¢	$ 344,242
5,584,500	9.804¢	547,504	5,584,500	10.051¢	561,299	5,584,500	10.784¢	602,232
2,190,000	7.353¢	161,031	2,190,000	7.353¢	161,031	2,190,000	7.353¢	161,031
55,808,500	15.686¢	8,754,121	55,808,500	16.014¢	8,936,928	55,808,500	16.666¢	9,301,045
547,500	13.235¢	72,462	547,500	13.563¢	74,255	547,500	14.215¢	77,827
13,724,000	14.705¢	2,018,114	13,724,000	15.116¢	2,074,549	13,724,000	15.686¢	2,152,747
80,555,500		$11,870,978	80,555,500		$12,130,236	80,555,500		$12,639,124
99,681,500	21.749¢	$21,679,729	99,681,500	21.749¢	$21,679,729	99,681,500	21.749¢	$21,679,729
210,057,500		$37,407,678	211,955,500		$37,904,376	215,204,000		$38,775,397
3,504,000		$ 577,494	3,650,000		$ 601,119	3,978,500		$ 657,845
109,500		18,047	109,500		18,034	109,500		18,106
109,500		18,047	109,500		18,034	109,500		18,106
4,051,500		667,728	4,161,000		685,275	4,270,500		706,127
7,774,500		$ 1,281,316	8,030,000		$ 1,322,462	8,468,000		$ 1,400,184
		$36,126,362			$36,581,914			$37,375,213

Pacific Northwest Pipeline Corporation

GAS WELL ROYALTIES

Line No.	Description and Year (1)	Basic Royalties (2)	Land-Owners' Overrides (3)	Total (4)
	1958			
	To 9-1-58			
1	Volume - Mcf	3,192,048	16,758,252	19,950,300
2	Rate per Mcf	11.764¢	06.863¢	07.647¢
3	Amount	$ 375,513	$1,150,119	$1,525,632
	After 9-1-58			
4	Volume - Mcf	1,602,592	8,413,608	10,016,200
5	Rate per Mcf	11.764¢	07.843¢	08.470¢
6	Amount	$ 188,529	$ 659,879	$ 848,408
7	Total	$ 564,042	$1,809,998	$2,374,040
	1959			
8	Volumes - Mcf	7,802,240	40,961,760	48,764,000
9	Rate per Mcf	12.745¢	07.843¢	08.627¢
10	Amount	$ 994,395	$3,212,631	$4,207,026
	1960			
11	Volume - Mcf	8,269,440	43,414,560	51,684,000
12	Rate per Mcf	12.745¢	07.843¢	08.627¢
13	Amount	$1,053,940	$3,405,004	$4,458,944
	1961			
14	Volume - Mcf	8,964,400	47,063,100	56,027,500
15	Rate per Mcf	12.745¢	07.843¢	08.627¢
16	Amount	$1,142,513	$3,691,159	$4,833,672
	1962			
17	Volume - Mcf	9,554,240	50,159,760	59,714,000
18	Rate per Mcf	12.745¢	07.843¢	08.627¢
19	Amount	$1,217,688	$3,934,030	$5,151,718

Volumes in Mcf at 14.73 psia.

Pacific Northwest Pipeline Corporation
SUMMARY OF PRODUCTION EXPENSES
(Exclusive of Exploration and Development)

Line No.	Description (1)	Reference (2)	1958 (3)	1959 (4)	1960 (5)	1961 (6)	1962 (7)
1	Cost of Gas Sold	Pg. 20-L 15	$28,741,785	$35,840,199	$36,126,362	$36,581,914	$37,375,213
2	Gas Well Royalties	Pg. 20-L 7	2,374,040	4,207,026	4,458,944	4,833,672	5,151,718
	Other Natural Gas Production and Gathering						
3	Operations	Pg. 19-L 16	$ 1,788,601	$ 2,285,107	$ 2,493,775	$ 2,651,549	$ 2,863,700
4	Maintenance	Pg. 19-L 29	384,639	548,965	720,398	750,298	796,549
5	Miscellaneous	Pg. 20-L 5	59,708	72,415	83,257	92,123	99,559
6	Total		$ 2,232,948	$ 2,906,487	$ 3,297,430	$ 3,493,970	$ 3,759,808
7	Total Production Expense (Exclusive of Exploration and Development)		$33,348,773	$42,953,712	$43,882,736	$44,909,556	$46,286,739

Pacific Northwest Pipeline Corporation
SUMMARY OF PRODUCTION EXPENSES
(Exclusive of Exploration and Development)

Line No.	Description (1)	FPC Account Number (2)	1958 (3)	1959 (4)	1960 (5)	1961 (6)	1962 (7)
	Natural Gas Production and Gathering						
	Operation						
1	Supervision and Engineering	733.1	$ 51,660	$ 65,761	$ 61,243	$ 70,126	$ 72,908
	Gas Wells						
2	Labor	733.21	$ 10,261	$ 10,787	$ 11,287	$ 11,799	$ 12,312
3	Supplies and Expenses	733.31	85,800	87,645	109,080	119,400	127,800
4	Total Gas Wells		$ 96,061	$ 98,432	$ 120,367	$ 131,199	$ 140,112
	Field Lines						
5	Labor	733.22	$ 5,984	$ 10,135	$ 13,320	$ 14,391	$ 15,041
6	Supplies and Expenses	733.32	400,873	477,283	548,447	610,994	664,605
7	Total Field Lines		$ 406,857	$ 487,418	$ 561,767	$ 625,385	$ 679,646
	Field Measuring and Regulating						
8	Supplies and Expenses	733.34	$ 69,900	$ 85,380	$ 100,020	$ 113,520	$ 125,100
	Dehydration Plants						
9	Labor	733.25	$ 37,328	$ 54,877	$ 63,289	$ 66,203	$ 69,123
10	Supplies and Expenses	733.35	258,798	357,050	376,645	381,124	416,250
11	Total Dehydration		$ 296,126	$ 411,927	$ 439,934	$ 447,327	$ 485,373
	Products Extraction						
12	Gas Shrinkage and Fuel	736.3 & .4	$ 377,036	$ 537,887	$ 577,494	$ 601,119	$ 657,845
13	Other Supplies and Expenses	736.6 & .7	309,336	324,772	340,313	355,748	371,182
14	Selling Expenses	738.4	181,625	273,530	285,937	307,125	331,534
15	Total Products Extraction		$ 867,997	$1,136,189	$1,203,744	$1,263,992	$1,360,561
16	Total Operations		$1,788,601	$2,285,107	$2,493,775	$2,651,549	$2,863,700
	Maintenance						
17	Supervision and Engineering	734.1	$ 17,130	$ 21,326	$ 22,648	$ 23,375	$ 24,303
18	Gas Wells - Equipment	734.3	$ 53,419	$ 128,595	$ 253,761	$ 253,934	$ 254,104
19	Field Lines - Equipment	734.41	$ 168,767	$ 205,042	$ 236,015	$ 259,439	$ 279,466
	Field Measuring and Regulating						
20	Equipment	734.43	$ 8,160	$ 9,960	$ 11,700	$ 13,260	$ 14,580
21	Structures	734.23	3,480	4,260	4,980	5,700	6,240
22	Total Field Measuring and Regulating		$ 11,640	$ 14,220	$ 16,680	$ 18,960	$ 20,820
	Dehydration Plants						
23	Structures	734.24	$ 137	$ 457	$ 740	$ 817	$ 841
24	Equipment	734.6	91,762	134,857	144,587	145,721	166,877
25	Total Dehydration Plants		$ 91,899	$ 135,314	$ 145,327	$ 146,538	$ 167,718
	Products Extraction						
26	Structures	737.2	$ 3,862	$ 4,055	$ 4,249	$ 4,442	$ 4,635
27	Equipment	737.3	37,922	39,813	41,718	43,610	45,503
28	Total Products Extraction		$ 41,784	$ 43,868	$ 45,967	$ 48,052	$ 50,138
29	Total Maintenance		$ 384,639	$ 548,965	$ 720,398	$ 750,298	$ 796,549

Pacific Northwest Pipeline Corporation
SUMMARY OF PRODUCTION EXPENSES
(Exclusive of Exploration and Development)

Line No.	Description (1)	FPC Account Number (2)	1958 (3)	1959 (4)	1960 (5)	1961 (6)	1962 (7)
	Miscellaneous						
1	Joint Expenses - Dr.	735.3	$ 63,224	$ 66,385	$ 69,704	$ 73,189	$ 76,848
2	Joint Expenses - Cr.	735.4	(73,634)	(77,316)	(81,182)	(85,242)	(89,503)
3	Purchased Gas - Gas Well Expense	746.1	7,588	11,996	13,635	13,991	14,349
4	Purchased Gas - Measuring Station Expense	746.2 & .3	62,530	71,350	81,100	90,185	97,865
5	Total Miscellaneous Expense		$ 59,708	$ 72,415	$ 83,257	$ 92,123	$ 99,559
6	Total Natural Gas Production and Gathering		$ 2,232,948	$ 2,906,487	$ 3,297,430	$ 3,493,970	$ 3,759,808
7	Gas Well Royalties	735.1	$ 2,374,040	$ 4,207,026	$ 4,458,944	$ 4,833,672	$ 5,151,718
	Other Gas Supply Expense						
	Purchased Gas						
8	Field Purchases - Associated Companies	745.11	$ 487,531	$ 559,107	$ 335,464	$ 237,965	$ -
9	Field Purchases - Other	745.11	29,181,392	36,514,001	37,072,214	37,666,411	38,775,397
10	Total Purchased Gas		$29,668,923	$37,073,108	$37,407,678	$37,904,376	$38,775,397
	Duplicate Charges - Cr.						
11	Main Line Uses	748.1	$ 513,016	$ 658,760	$ 667,728	$ 685,275	$ 706,127
12	Gas Products Extraction	748.2	377,036	537,887	577,494	601,119	657,845
13	Other Utility Uses	748.4	37,086	36,262	36,094	36,068	36,212
14	Total Duplicate Charges - Cr.		$ 927,138	$ 1,232,909	$ 1,281,316	$ 1,322,462	$ 1,400,184
15	Total Cost of Gas Sold		$28,741,785	$35,840,199	$36,126,362	$36,581,914	$37,375,213
16	Total Production Expenses (Excl. of Exploration and Development Costs)		$33,348,773	$42,953,712	$43,882,736	$44,909,556	$46,286,739

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Pacific Northwest Pipeline Corporation
EXPLORATION AND DEVELOPMENT EXPENSES

Line No.	Description (1)	F.P.C. Account Number (2)	1958 (3)	1959 (4)	1960 (5)	1961 (6)	1962 (7)
1	Delay Rentals	739.1	$158,500	$141,500	$125,900	$114,140	$115,000
2	Non-Productive Well Drilling	739.2	200,000	300,000	300,000	300,000	300,000
3	Abandoned Leases	739.3	130,000	50,000	50,000	50,000	50,000
4	Other Exploration Costs	739.4	3,000	3,000	4,000	4,000	5,000
5	Total Exploration and Development Expenses		$491,500	$494,500	$479,900	$468,140	$470,000

Pacific Northwest Pipeline Corporation
SUMMARY OF TRANSMISSION EXPENSES

Line No.	Description (1)	F.P.C. Account Number (2)	1958 (3)	1959 (4)	1960 (5)	1961 (6)	1962 (7)
	Operation						
1	Supervision and Engineering	759.1	$ 522,929	$ 534,544	$ 641,160	$ 678,584	$ 720,627
	Compressor Stations						
2	Labor	759.22	$ 324,489	$ 352,660	$ 390,232	$ 410,039	$ 430,541
3	Supplies and Expenses (Excluding Fuel)	759.32	241,381	253,576	269,257	284,386	301,298
4	Fuel	759.32	513,016	658,760	667,728	685,275	706,127
5	Total Compressor Stations		$1,078,886	$1,264,996	$1,327,217	$1,379,700	$1,437,966
	Sales Measuring and Regulating						
6	Supervision and Engineering	764.1	$ 118,108	$ 121,819	$ 135,196	$ 146,236	$ 154,791
7	Labor	764.2	51,935	53,801	60,088	66,293	70,635
8	Supplies and Expenses	764.3	89,830	93,570	98,514	102,733	106,952
9	Total Sales Measuring and Regulation		$ 259,873	$ 269,190	$ 293,798	$ 315,262	$ 332,378
	Other Measuring and Regulating						
10	Labor	759.23	$ 6,853	$ 7,298	$ 8,388	$ 9,078	$ 9,454
11	Supplies and Expenses	759.33	10,297	10,679	11,354	11,878	12,446
12	Total Other Measuring and Regulating		$ 17,150	$ 17,977	$ 19,742	$ 20,956	$ 21,900
13	Transmission Maps and Records	759.4	$ 5,767	$ 6,055	$ 6,368	$ 6,666	$ 7,020
	Mains						
14	Labor	759.21	$ 242,748	$ 297,039	$ 372,913	$ 396,012	$ 414,406
15	Supplies and Expenses	759.31	411,739	413,450	456,664	466,890	477,574
16	Total Mains		$ 654,487	$ 710,489	$ 829,577	$ 862,902	$ 891,980
17	Total Transmission Operation		$2,539,092	$2,803,251	$3,117,862	$3,264,070	$3,411,871

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Pacific Northwest Pipeline Corporation
SUMMARY OF TRANSMISSION EXPENSES

Line No.	Description (1)	F.P.C. Account Number (2)	1958 (3)	1959 (4)	1960 (5)	1961 (6)	1962 (7)
	Maintenance						
1	Supervision and Engineering	760.1	$ 153,442	$ 157,443	$ 186,356	$ 198,055	$ 211,146
	Compressor Stations						
2	Structures	760.21	$ 65,875	$ 74,506	$ 79,056	$ 83,117	$ 87,415
3	Equipment	760.4	261,225	275,005	291,157	306,474	323,443
4	Total Compressor Stations		$ 327,100	$ 349,511	$ 370,213	$ 389,591	$ 410,858
5	Other Structures	760.23	$ 10,601	$ 12,017	$ 13,995	$ 15,323	$ 15,872
6	Other Transmission System Equipment	760.6	$ 3,371	$ 3,678	$ 4,323	$ 4,499	$ 4,658
	Sales Measuring and Regulating						
7	Supervision and Engineering	764.4	$ 24,938	$ 25,477	$ 29,202	$ 31,347	$ 33,126
8	Structures and Improvements	764.5	6,911	7,388	8,258	8,674	9,078
9	Equipment	764.6	46,496	48,768	52,198	55,214	57,908
10	Total Sales Measuring and Regulating		$ 78,345	$ 81,633	$ 89,658	$ 95,235	$ 100,112
	Other Measuring and Regulating Stations						
11	Structures	760.22	$ 5,351	$ 5,728	$ 6,583	$ 6,989	$ 7,373
12	Equipment	760.5	14,927	15,725	17,329	18,474	19,537
13	Total Other Measuring and Regulating Stations		$ 20,278	$ 21,453	$ 23,912	$ 25,463	$ 26,910
14	Mains	760.3	$ 100,291	$ 104,475	$ 121,281	$ 124,443	$ 127,618
15	Total Maintenance		$ 693,428	$ 730,210	$ 809,738	$ 852,609	$ 897,174
	Miscellaneous						
16	Rents	761.1	$ 22,172	$ 21,542	$ 23,730	$ 24,188	$ 24,679
17	Total Transmission Expenses		$3,254,692	$3,555,003	$3,951,330	$4,140,867	$4,333,724

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Pacific Northwest Pipeline Corporation
SUMMARY OF ADMINISTRATIVE & GENERAL EXPENSES

Line No.	Description (1)	FPC Account No. (2)	1958 (3)	1959 (4)	1960 (5)	1961 (6)	1962 (7)
1	Salaries of General Officers and Executives	790	$ 162,576	$ 175,280	$ 179,368	$ 184,484	$ 190,032
2	Other General Office Salaries	791	1,287,952	1,503,786	1,681,182	1,759,788	1,834,867
3	Expenses of General Officers	792.1	13,065	13,760	14,548	15,365	16,213
4	Expenses of General Office Employees	792.2	128,057	148,630	144,226	175,552	179,025
5	General Office Supplies and Expenses	793	719,938	878,224	891,780	899,627	921,207
6	Special Services	795	21,480	25,504	25,529	25,555	25,583
7	Special Legal Services	796	92,500	100,000	100,000	100,000	100,000
8	Regulatory Commission Expenses	797	100,000	100,000	100,000	100,000	100,000
9	Insurance	798	45,700	45,700	45,700	45,700	45,700
10	Injuries and Damages	799	29,900	31,395	32,965	34,613	36,344
11	Employees' Welfare Expenses	800.1	17,150	18,007	18,908	19,853	20,845
12	Pensions	800.2	152,650	160,282	168,296	176,711	185,546
13	Miscellaneous General Expenses	801	81,650	89,560	89,580	89,600	89,600
14	Maintenance of Structures and Improvements	802.1	7,188	11,278	11,961	12,740	14,253
15	Maintenance of Office Furniture and Equipment	802.2	1,560	1,560	1,560	1,560	1,560
16	Maintenance of Cummunication Equipment	802.3	33,212	37,357	37,606	39,496	37,130
17	Rents	803	224,962	400,248	401,630	407,477	409,877
18	Administrative and General Expenses - Transfer - Cr.	807	(391,308)	(170,850)	(150,000)	(134,100)	(114,600)
19	Joint Expenses - Cr.	809	(5,816)	(6,107)	(6,413)	(6,734)	(7,070)
20	Total Adminstrative and General Expense		$2,722,416	$3,563,614	$3,788,426	$3,947,287	$4,086,112

Pacific Northwest Pipeline Corporation
DEPRECIATION, DEPLETION AND AMORTIZATION

Line No.	Description (1)	FPC Account Number (2)	Rate (3)	1958 (4)	1959 (5)	1960 (6)	1961 (7)	1962 (8)
1	Intangible Plant	503.1	3.5%	$ 104,217	$ 104,892	$ 104,892	$ 104,892	$ 104,892
2	Products Extraction Plant	503.1	5.0%	298,408	298,617	298,617	298,617	298,617
	Production Plant-							
3	Depletable	503.2	(a)	650,485	1,054,062	1,121,339	1,219,136	1,303,392
4	Depreciable	503.1	5.0%	1,556,091	2,223,367	2,537,081	2,806,663	3,051,636
5	Transmission Plant	503.1	3.5%	6,124,637	6,316,729	6,341,273	6,359,123	6,376,973
6	Distribution Plant	503.1	3.5%	81,326	81,906	81,906	81,906	81,906
	General Plant-							
7	Depreciable	503.1	10.0%	94,051	94,483	94,483	94,483	94,483
8	Total Depreciation, Depletion and Amortization	503		$8,909,215	$10,174,056	$10,579,591	$10,964,820	$11,311,899

(a) Unit of Production

Pacific Northwest Pipeline Corporation

TAXES OTHER THAN FEDERAL INCOME TAX

Line No.	Description and Year (1)	Total (2)
	1958	
1	Property taxes	$2,236,848
2	Franchise taxes	19,033
3	Production taxes	118,967
4	Payroll taxes	153,000
5	Total	$2,527,828
	1959	
6	Property taxes	$2,527,092
7	Franchise taxes	21,268
8	Production taxes	193,593
9	Payroll taxes	160,650
10	Total	$2,902,603
	1960	
11	Property taxes	$2,566,802
12	Franchise taxes	21,330
13	Production taxes	205,185
14	Payroll taxes	168,683
15	Total	$2,962,060
	1961	
16	Property taxes	$2,588,016
17	Franchise taxes	21,357
18	Production taxes	222,429
19	Payroll taxes	177,117
20	Total	$3,008,919
	1962	
21	Property taxes	$2,593,901
22	Franchise taxes	21,200
23	Production taxes	237,065
24	Payroll taxes	185,973
25	Total	$3,038,139

Pacific Northwest Pipeline Corporation

PROVISION FOR FEDERAL INCOME TAXES

Line No.	Year and Description (1)		Amount (2)
	1958		
1	Net loss from operations		$(560,269)
2	Tax on 1958 loss		$ -
	1959		
3	Net income from operations		$5,793,802
4	Less- 1957 net loss from operations	$2,047,645	
5	1958 net loss from operations	560,269	2,607,914
6	Net income from operations to date		$3,185,888
7	Tax- 52% less $5,500		$1,651,162
	1960		
8	Net income from operations		$6,385,244
9	Tax- 52% less $5,500		$3,314,827
	1961		
10	Net income from operations		$7,372,018
11	Tax- 52% less $5,500		$3,827,949
	1962		
12	Net income from operations		$8,126,602
13	Tax- 52% less $5,500		$4,220,333

7054

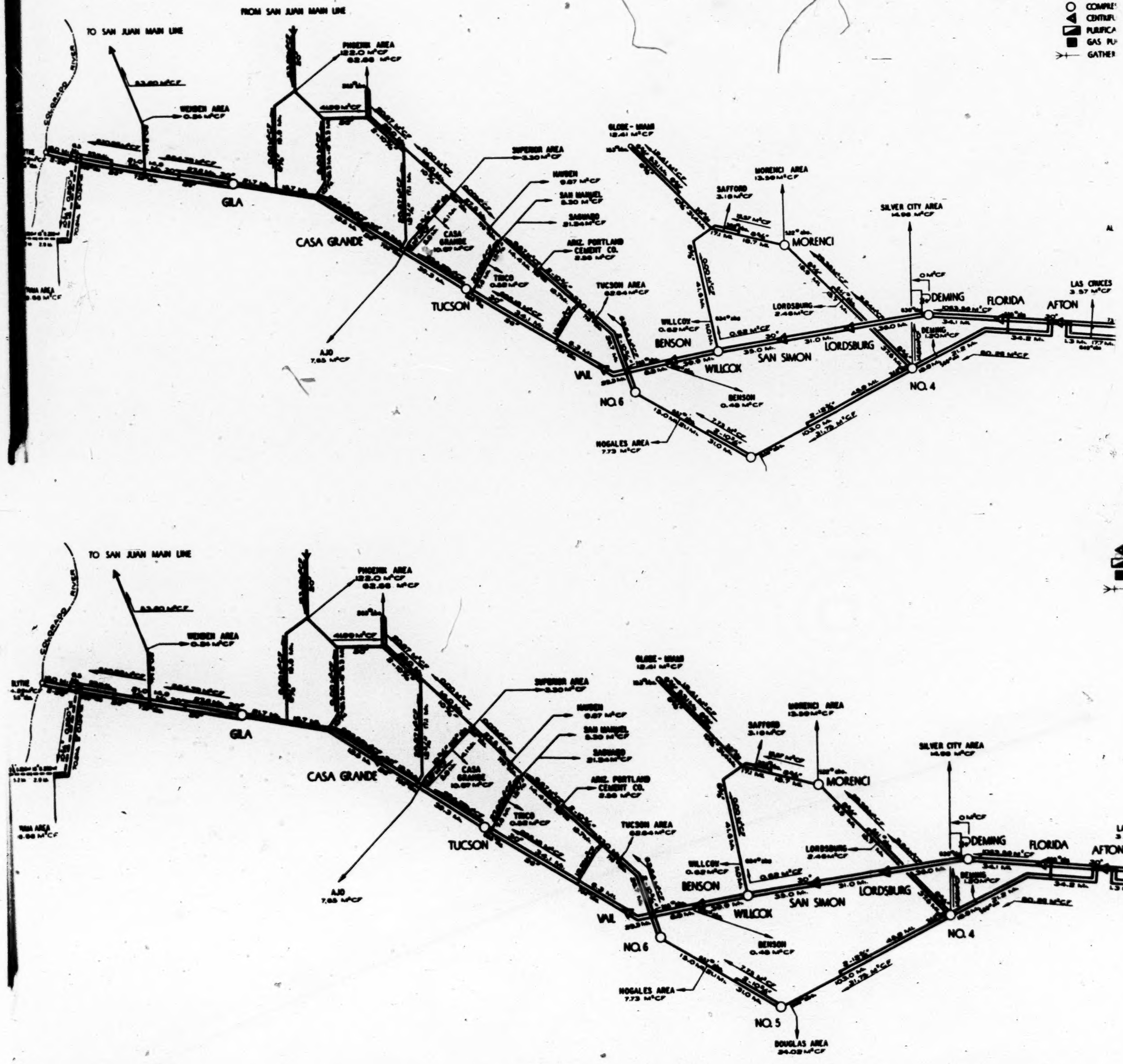
Pacific Northwest Pipeline Corporation
NET INVESTMENT RATE BASE

Line No.	Description (1)	Reference (2)	1958 (3)	1959 (4)	1960 (5)	1961 (6)	1962 (7)
1	Gas Plant in Service - Average for Year	P.29	$247,906,901	$272,427,728	$282,982,818	$292,288,158	$300,389,898
2	Deduction for Depreciation, Depletion and Amortization	P.29	-	5,142,858	15,631,342	26,515,208	37,753,640
3	Net Investment in Gas Plant		$247,906,901	$267,284,870	$267,351,476	$265,772,950	$262,636,258
4	Working Capital	P.29	15,095,422	12,641,687	9,957,366	8,409,424	7,453,573
5	Net Investment Rate Base		$263,002,323	$279,926,557	$277,308,842	$274,182,374	$270,089,831

Pacific Northwest Pipeline Corporation
WORKING CAPITAL

Line No.	Description (1)
	Computation of Working Capital
1	Cash Operating Expenses
2	Less: Gas Well Royalties
3	Gas Used in Company Operations
4	Depreciation Through Clearing Accounts
5	Net Cash Operating Expenses
6	45 Days or 1/8 of Above
7	Materials and Supplies (Exhibit L)
	Prepayments -
8	Insurance, Etc. (Exhibit L)
9	Prepaid Gas Purchases (Exhibit L)
10	Less 33-1/3% of Federal Income Tax Provision
11	Minimum Bank Balances
12	Working Capital
	Computation of Average Gas Plant in Service
13	Balance Beginning of Year
14	Balance End of Year
15	Total
16	Average Gas Plant in Service
	Computation of Deduction for Depreciation, Depletion and Amortization
17	Reserve Balance at Beginning of the Year
18	Add - Depreciation, Depletion & Amortization (Page 25)
19	Depreciation to Clearing Accounts
20	Reserve Balance at End of the Year
21	Reserve Balance at Beginning of the Year
22	Total
23	Average Reserves
24	Deduct Reserves for Depreciation, Depletion and Amortization not a Return of Capital
25	Deduction for Depreciation, Depletion and Amortization

1958 (2)	1959 (3)	1960 (4)	1961 (5)	1962 (6)
$ 11,075,596	$ 14,726,630	$ 15,976,030	$ 16,883,936	$ 17,801,362
(2,374,040)	(4,207,026)	(4,458,944)	(4,833,672)	(5,151,718)
(927,138)	(1,232,909)	(1,281,316)	(1,322,462)	(1,400,184)
(218,635)	(111,660)	(111,660)	(111,661)	(88,484)
$ 7,555,783	$ 9,175,035	$ 10,124,110	$ 10,616,141	$ 11,160,976
$ 944,472	$ 1,146,879	$ 1,265,514	$ 1,327,017	$ 1,395,122
3,312,243	1,463,184	963,184	963,184	963,184
421,457	421,457	421,457	421,457	421,457
5,417,250	5,660,549	5,012,142	3,973,736	3,080,574
-	(550,382)	(1,104,931)	(1,275,970)	(1,406,764)
5,000,000	4,500,000	3,400,000	3,000,000	3,000,000
$ 15,095,422	$ 12,641,687	$ 9,957,366	$ 8,409,424	$ 7,453,573
$229,018,194	$266,795,608	$278,059,848	$287,905,788	$296,670,528
266,795,608	278,059,848	287,905,788	296,670,528	304,109,268
$495,813,802	$544,855,456	$565,965,636	$584,576,316	$600,779,796
$247,906,901	$272,427,728	$282,982,818	$292,288,158	$300,389,898
$ 5,333,362	$ 14,461,212	$ 24,746,928	$ 35,438,179	$ 46,514,660
8,909,215	10,174,056	10,579,591	10,964,820	11,311,899
218,635	111,660	111,660	111,661	88,484
$ 14,461,212	$ 24,746,928	$ 35,438,179	$ 46,514,660	$ 57,915,043
5,333,362	14,461,212	24,746,928	35,438,179	46,514,660
$ 19,794,574	$ 39,208,140	$ 60,185,107	$ 81,952,839	$104,429,703
$ 9,897,287	$ 19,604,070	$ 30,092,554	$ 40,976,420	$ 52,214,852
9,897,287	14,461,212	14,461,212	14,461,212	14,461,212
$	$ 5,142,858	$ 15,631,342	$ 26,515,208	$ 37,753,640



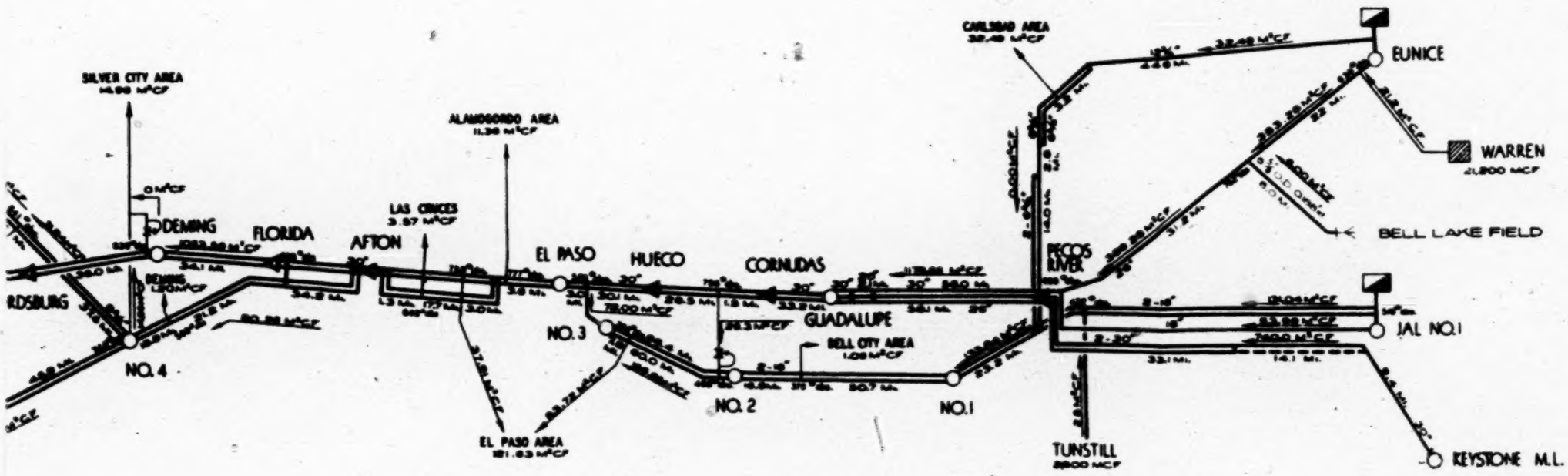
SERVICE	CALIFORNIA SYSTEM																			EL PASO SYSTEM						
STATION LOCATION	GILA	CASA GRANDE	TUCSON	VAIL	BENSON	WILLCOX	SAN SIMON	LORDSBURG	DEMING	FLORIDA	AFTON	EL PASO	HUECO	CORNUDAS	GUADALUPE	PECOS RIVER	EUNICE	JAL	KEYSTONE	NO. 7	NO. 6	NO. 5	NO. 4	NO. 3	NO. 2	NO. 1
CTION PRESSURE psi abs.	634	636	658	681	681	625	646	667	664	633	637	587	607	627	632	629	543	543	565	339	OPERATING	OPERATING	548	247	308	319
SCHARGE PRESSURE psi abs.	832	865	843	865	802	840	814	800	843	807	805	805	778	800	843	815	843	704	825	528			751	644	503	509
TIO	1.312	1.298	1.279	1.233	1.213	1.344	1.260	1.199	1.372	1.275	1.264	1.421	1.282	1.276	1.334	1.295	1.843	1.372	1.802	1.558			1.455	2.807	1.632	1.596
CTION TEMPERATURE °F.	70°	70°	70°	70°	70°	70°	70°	70°	70°	70°	70°	70°	70°	70°	70°	70°	70°	70°	70°	60°			60°	60°	60°	60°
HP/M³CF AT 14.73 psi & 60° F.	15.95	12.91	14.85	10.83	9.96	17.17	12.00	9.34	18.23	12.88	12.19	20.05	13.01	12.72	16.80	13.50	28.08	18.23	26.81	26.34			22.89	59.99	28.92	27.87
CF TO COMPRESS AT 14.73 psi & 60° F	884.79	888.82	934.22	977.41	1042.92	1046.84	1051.97	1055.39	1058.06	1063.56	1147.47	1204.10	1138.99	1169.31	1173.34	1178.96	382.08	53.99	740.00	29.16	NOT	NOT	78.55	72.00	130.65	132.79
AKE HP REQUIRED	14,112	11,475	13,886	10,585	10,387	17,974	12,624	9857	19,288	13,685	13,988	24,142	14,818	14,874	19,712	15,918	10,187	984	19,891	768			1782	4319	3778	3674
EVATION IN FEET	840	1285	2078	2952	3540	4480	3860	4227	4456	4098	4232	4030	4353	4360	3900	2900	3800	3000	3000	3900	4138	4290	4380	3880	4400	3785
EVATION CORRECTION FOR HP	1.000	0.980	0.974	0.929	0.907	0.877	0.895	0.882	0.877	0.886	0.881	0.894	0.877	0.877	0.899	0.930	0.912	0.935	0.935	0.899	0.890	0.883	0.880	0.900	0.878	0.905
A LEVEL RATED HP REQUIRED	14,112	11,590	14051	11,393	11,439	20,494	14,105	11,175	21,993	15353	15859	27004	16876	16,940	21,926	17095	11,140	1052	21,059	854	—	—	2025	4798	4800	4059
ANDARD HP REQUIRED	14,100	11,600	14,300	11,600	11,600	20,800	17,100	11,600	22,000	17,100	17,100	26,900	17,100	17,100	22,300	17,100	11,100	1200	21,000	800	—	—	2400	4800	4800	4800
ARE HP	3000	5700	4400	5700	0	3520	0	0	1100	0	0	1100	0	0	3300	0	1000	3200	3000	800	2400	2400	2400	0	0	800
TAL HP REQUIRED	17,100	17,100	18,700	17,100	11,600	24,320	17,100	11,600	23,100	17,100	17,100	28,000	17,100	17,100	25,600	17,100	12,100	4400	24,000	1600	2400	2400	4800	4800	4800	5600
PREVIOUSLY INSTALLED	17,100	17,100	18,700	17,100	11,600	24,320	17,100	11,600	23,100	17,100	17,100	28,000	17,100	17,100	25,600	17,100	12,100	4400	24,000	1600	2400	2400	4800	4800	4800	5600
DITIONAL HP TO INSTALL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
F FUEL REQUIRED	4030	3110	3900	2870	2820	5130	3420	2870	5500	3850	3790	6890	4020	4030	5620	4310	2900	280	5620	220	0	0	510	1230	1080	1050
ET MCF TO PIPELINE	864,790	888,820	934,220	977,410	1,042,920	1,046,840	1,051,970	1,055,380	1,058,060	1,063,580	1,147,470	1,204,100	1,138,990	1,169,310	1,173,340	1,178,980	382,080	53,990	740,000	29,160	0	0	78,550	72,000	130,650	132,790

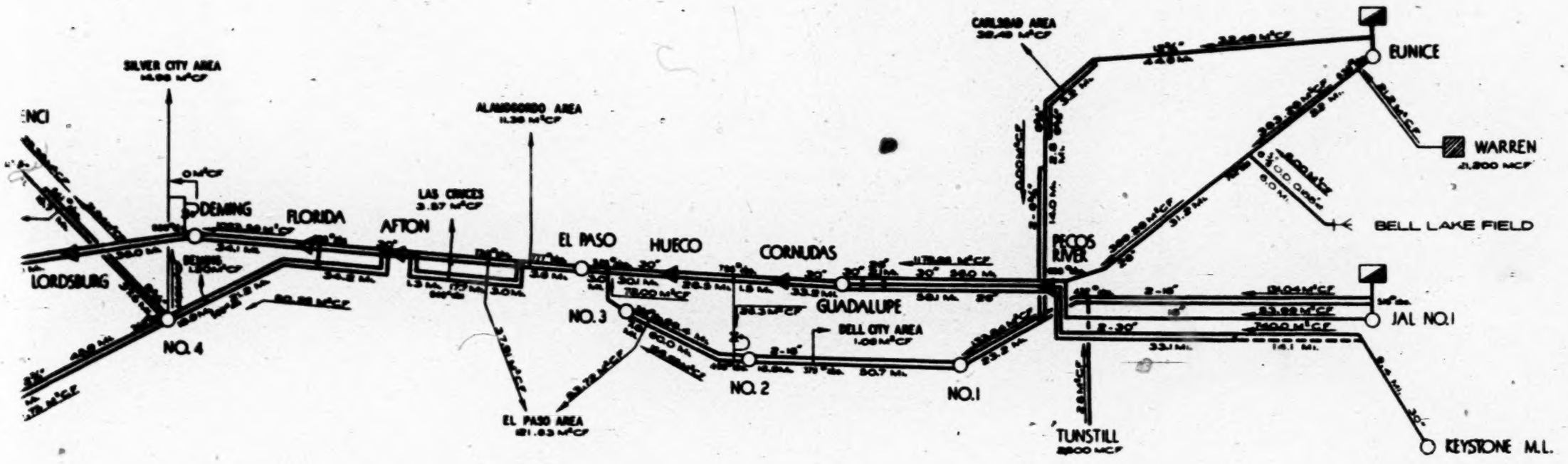
(7061)

Hearing Exhibit No. 347

LEGEND

- EL PASO NATURAL GAS COMPANY PIPELINES
- EL PASO NATURAL GAS COMPANY PIPELINES PENDING CERTIFICATION
- EL PASO NATURAL GAS COMPANY PIPELINES CERTIFICATED OR TEMPORARILY AUTHORIZED AND PENDING CONSTRUCTION
- COMPRESSOR STATION.
- CENTRIFUGAL COMPRESSOR STATION.
- PURIFICATION AND DEHYDRATION PLANT.
- GAS PURCHASE.
- GATHERING SYSTEM





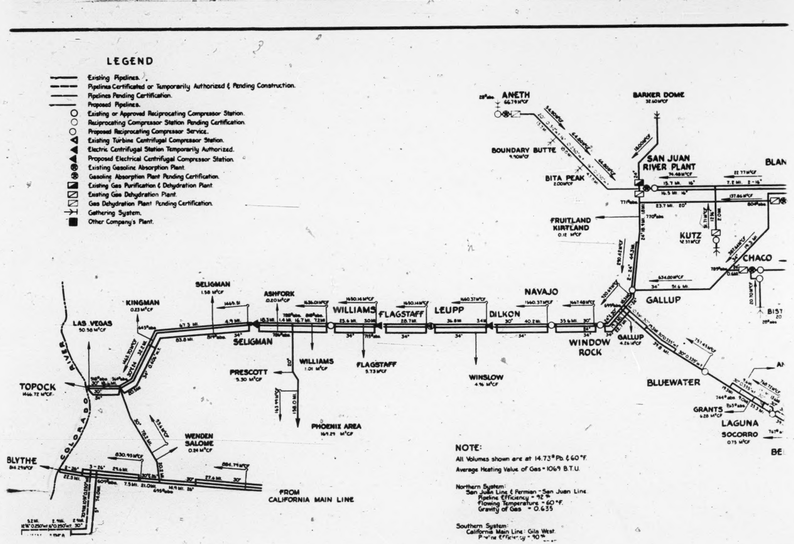
EL PASO SYSTEM					
NO.6	NO.5	NO.4	NO.3	NO.2	NO.1
OPERATING	OPERATING	515	247	308	319
		751	644	503	509
		1455	2,807	1,832	1,596
		60°	60°	60°	60°
		22.89	59.99	28.92	27.87
OUT 1	OUT 2	78.55	72.00	130.85	132.79
		1782	4319	3778	3674
4138	4290	4380	3880	4400	3785
0.890	0.883	0.880	0.900	0.878	0.905
—	—	2025	4798	4800	4059
—	—	2400	4800	4800	4800
2400	2400	2400	0	0	800
2400	2400	4800	4800	4800	5600
2400	2400	4800	4800	4800	5600
0	0	0	0	0	0
0	0	510	1230	1080	1050
0	0	78,550	72,000	130,850	132,790

NOTE:

ALL VOLUMES SHOWN ARE AT 14.73# PS. & 60°F.
AVERAGE HEATING VALUE OF GAS = 1000 B.T.U.
GRAVITY OF GAS = 0.650

SOUTHERN SYSTEM:
- CALIFORNIA MAIN LINE:
  - PIPE LINE EFFICIENCY FROM DEMING WEST = 90%
  - PIPE LINE EFFICIENCY FROM DEMING EAST = 88%
  - FLOWING TEMPERATURE = 70°F.
- EL PASO MAIN LINE:
  - PIPE LINE EFFICIENCY = 92%
  - FLOWING TEMPERATURE = 60°F.

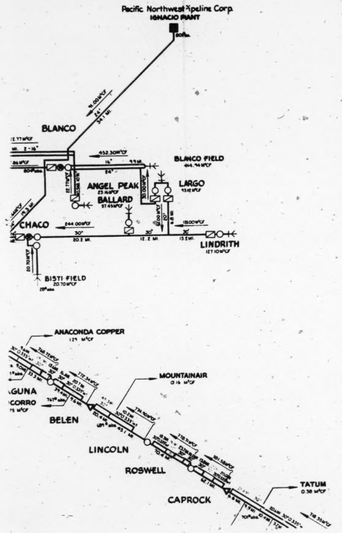
EL PASO NATURAL GAS COMPANY
EL PASO, TEXAS
ENGINEERING DEPARTMENT
SOUTHERN SYSTEM
FLOW SHEET
2907 M°CFD
TOTAL SYSTEM DESIGN
DRAWN BY: R.A. STUDY NR T 6-1258
DWG. No. A-3-112

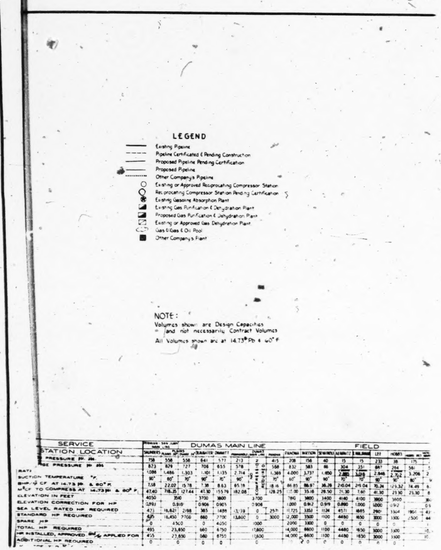


NOTE:
All Volumes shown are at 14.73 Psi & 60°F
Average Heating Value of Gas = 1069 B.T.U.

Northern System:
San Juan Line & Permian - San Juan Line
Pipeline Efficiency = 92%
Flowing Temperature = 60°F
Gravity of Gas = 0.655

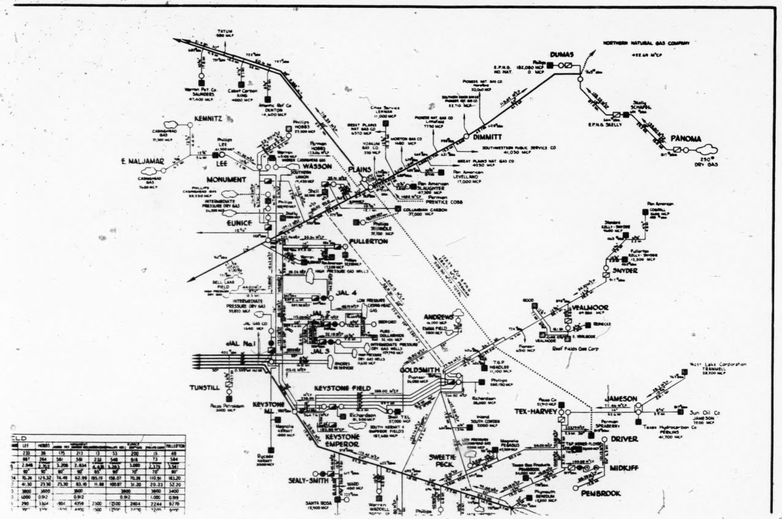
Southern System:
California Main Line: Gila West
Pipeline Efficiency = 90%

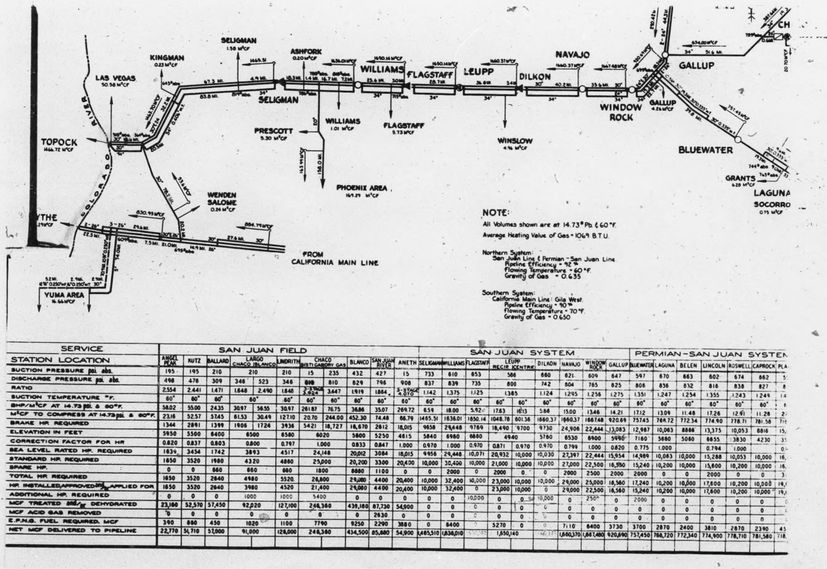




NOTE:
Volumes shown are Design Capacities and not necessarily Contract Volumes
All Volumes shown are at 14.73 Psi & 60°F

SERVICE	DUMAS MAIN LINE												FIELD											
STATION LOCATION																								
PRESSURE IN psi	738	738	738	661	577	726	726	615	726	726	615	0	0	0	229	0	175	215						
PRESSURE IN psi	623	623	623	623	623	623	623	623	623	623	623	623	623	623	623	623	623	623						
RAT. TEMPERATURE °F	588	604	583	590	595	2,704	2,704	2,704	2,704	2,704	2,704	2,704	2,704	2,704	2,704	2,704	2,704	2,704						
SUCTION TEMPERATURE °F	118	120	118	118	118	80	80	80	80	80	80	80	80	80	80	80	80	80						
SUP. G.P. AT 14.73 Psi & 60°F	0.718	0.718	0.718	0.718	0.718	0.831	0.831	0.831	0.831	0.831	0.831	0.831	0.831	0.831	0.831	0.831	0.831	0.831						
MCF TO COMPRESS AT 14.73 Psi & 60°F	4160	4160	4160	4160	4160	4160	4160	4160	4160	4160	4160	4160	4160	4160	4160	4160	4160	4160						
ELEVATION IN FEET	4250	3961	3700	3800	3800	3700	3700	3700	3700	3700	3700	3700	3700	3700	3700	3700	3700	3700						
ELEVATION CORRECTION FOR HP	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9						
SEA LEVEL RATED HP REQUIRED	4620	4623	4700	4800	4800	4700	4700	4700	4700	4700	4700	4700	4700	4700	4700	4700	4700	4700						
STANDARD HP REQUIRED	4620	4623	4700	4800	4800	4700	4700	4700	4700	4700	4700	4700	4700	4700	4700	4700	4700	4700						
SPARE HP	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0						
TOTAL HP REQUIRED	4620	4623	4700	4800	4800	4700	4700	4700	4700	4700	4700	4700	4700	4700	4700	4700	4700	4700						
HP INSTALLED/APPROVED/APPLIED FOR	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000						
ADDITIONAL HP REQUIRED	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0						
MCF TREATED BY DEHYDRATED	4160	4160	4160	4160	4160	4160	4160	4160	4160	4160	4160	4160	4160	4160	4160	4160	4160	4160						
MCF ACID GAS REMOVED	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0						
E.P.H.P. FUEL REQUIRED, MCF	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0						
NET MCF DELIVERED TO PIPELINE	4160	4160	4160	4160	4160	4160	4160	4160	4160	4160	4160	4160	4160	4160	4160	4160	4160	4160						



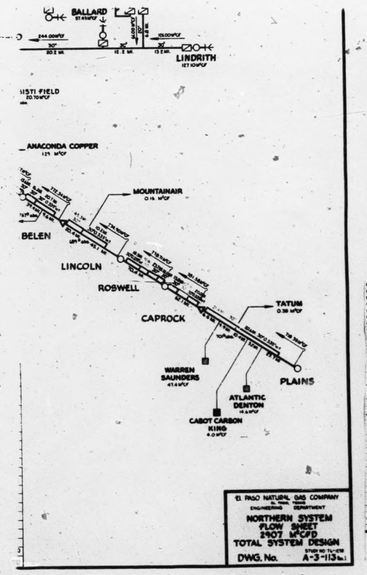


NOTE:
All Volumes shown are at 14.73 Psi & 60°F
Average Heating Value of Gas = 1069 B.T.U.

Northern System:
San Juan Line & Permian - San Juan Line
Pipeline Efficiency = 92%
Flowing Temperature = 60°F
Gravity of Gas = 0.655

Southern System:
California Main Line: Gila West
Pipeline Efficiency = 90%
Flowing Temperature = 70°F
Gravity of Gas = 0.650

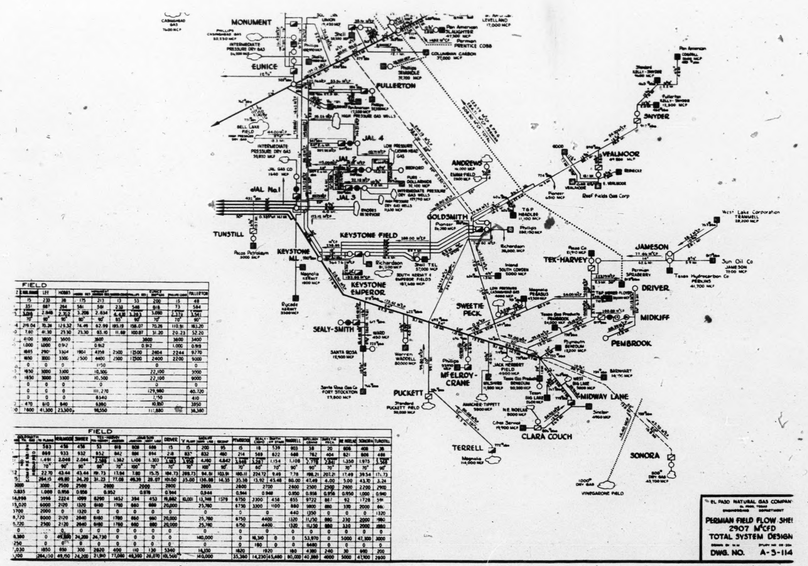
SERVICE	SAN JUAN FIELD												SAN JUAN SYSTEM											PERMIAN-SAN JUAN SYSTEM
STATION LOCATION	ANETH PLANT	KUTZ	BALLARD	LARGO CHACO PLANT	LINDRITH	CHACO BISTI LARGO GAS	BLANCO	SAN JUAN RIVER PLANT	ANETH	SELIGMAN	WILLIAMS	FLAGSTAFF	LEUPP DILKON RECIP. CENTRAL	DILKON	NAVAJO	WINDOW ROCK	GALLUP	BLUEWATER	LAGUNA	BELEN	LINCOLN	ROSWELL	CAPROCK	PLAINS
SUCTION PRESSURE psi abs.	195	195	210	210	210	15	235	432	427	15	733	810	853	586	880	821	609	847	597	870	853	902	874	882
DISCHARGE PRESSURE psi abs.	498	498	309	348	523	348	808	810	829	796	908	837	839	735	800	742	804	765	825	808	836	832	816	838	827
RATIO	2.554	2.641	1.471	1.868	2.490	1.868	2.229	2.667	1.919	1.884	2.529	1.642	1.375	1.125	1.365	1.124	1.295	1.256	1.275	1.351	1.247	1.254	1.355	1.243	1.245
SUCTION TEMPERATURE °F	60°	60°	80°	60°	80°	60°	80°	80°	80°	80°	80°	80°	80°	80°	80°	80°	80°	80°	80°	80°	80°	80°	80°	80°	80°
SUP. G.P. AT 14.73 psi & 60°F	0.831	0.831	0.831	0.831	0.831	0.831	0.831	0.831	0.831	0.831	0.831	0.831	0.831	0.831	0.831	0.831	0.831	0.831	0.831	0.831	0.831	0.831	0.831	0.831	0.831
MCF TO COMPRESS AT 14.73 psi & 60°F	3602	3500	2435	3087	3855	3087	2617	3175	3686	3507	2697	2	659	18.00	5.92	1783	1813	584	1500	1346	14.21	1712	1309	11.48	1726	1241
BRAKE HP. REQUIRED	2116	2037	1565	1813	3049	1810	2070	2470	2440.00	1948	2655	1830	1830	1656.14	1948.78	1601.38	1880.37	1880.48	1820.85	1743.21	1912.34	1912.34	1749.90	1781.51	1861.58
ELEVATION IN FEET	5950	5500	6400	6500	6580	6020	5600	5250	4815	5840	4980	6880	4940	5780	8530	8900	5990	7160	5680	5060	6855	3830	4230	3
CORRECTION FACTOR FOR HP.	0.820	0.837	0.803	0.800	0.797	0.800	0.853	0.847	1.000	0.970	1.000	0.970	1.000	0.970	0.799	1.000	0.820	0.775	1.000	0.784	1.000	0.784	1.000	0.784	1.000
SEA LEVEL RATED HP. REQUIRED	1839	3454	1762	3893	4517	24,148	20,012	3084	18,015	9956	29,448	10,071	28,932	10,000	15,030	27,397	22,444	15,954	14,989	10,083	15,000	15,288	10,053	18,000
STANDARD HP. REQUIRED	1850	3520	1980	4320	4880	25,000	20,200	3300	20,450	10,000	30,000	10,000	30,000	10,000	15,240	28,000	22,500	16,350	15,240	10,200	15,000	15,600	10,200	18,000
SPARE HP.	0	0	880	880	880	1800	8880	1100	0	0	2000	0	0	2000	2900	2500	2000	2900	0	0	2000	0	0	2000	0
TOTAL HP. REQUIRED	1850	3520	2840	4980	5520	26,800	29,080	4400	20,400	10,000	32,400	10,000	32,400	10,000	28,000	25,000	18,560	17,240	10,200	10,200	17,000	10,200	10,200	18,000
HP INSTALLED/APPROVED/APPLIED FOR	1850	3520	2840	3980	4520	21,400	29,080	4400	20,400	10,000	32,400	0	23,000	10,000	28,000	25,000	18,560	17,240	10,200	10,200	17,000	10,200	10,200	18,000
ADDITIONAL HP. REQUIRED	0	0	0	1000	1000	5400	0	0	0	0	0	10,000	0	0	0	2500	0	0	0	0	0	0	0	0	0
MCF TREATED BY DEHYDRATED	23,160	32,370	17,450	92,020	121,100	246,360	439,180	87,730	54,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MCF ACID GAS REMOVED	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
E.P.H.P. FUEL REQUIRED, MCF	390	888	450	1020	1180	7790	9250	2290	3880	0	6400	0	5270	0	7110	6400	3730	3700	2870	2400	3810	2870	2390	4
NET MCF DELIVERED TO PIPELINE	22,770	31,710	17,000	91,000	120,000	238,560	434,500	85,880	54,900	3,695,510	3,638,010		1,850,140		(640,370)	(647,040)	620,890	757,450	764,720	772,340	774,900	778,710	781,580	78



EL PASO NATURAL GAS COMPANY
ENGINEERING DEPARTMENT
NORTHERN SYSTEM
FLOW SHEET
2407 M*CFD
TOTAL SYSTEM DESIGN
DWG. No. A-3-113

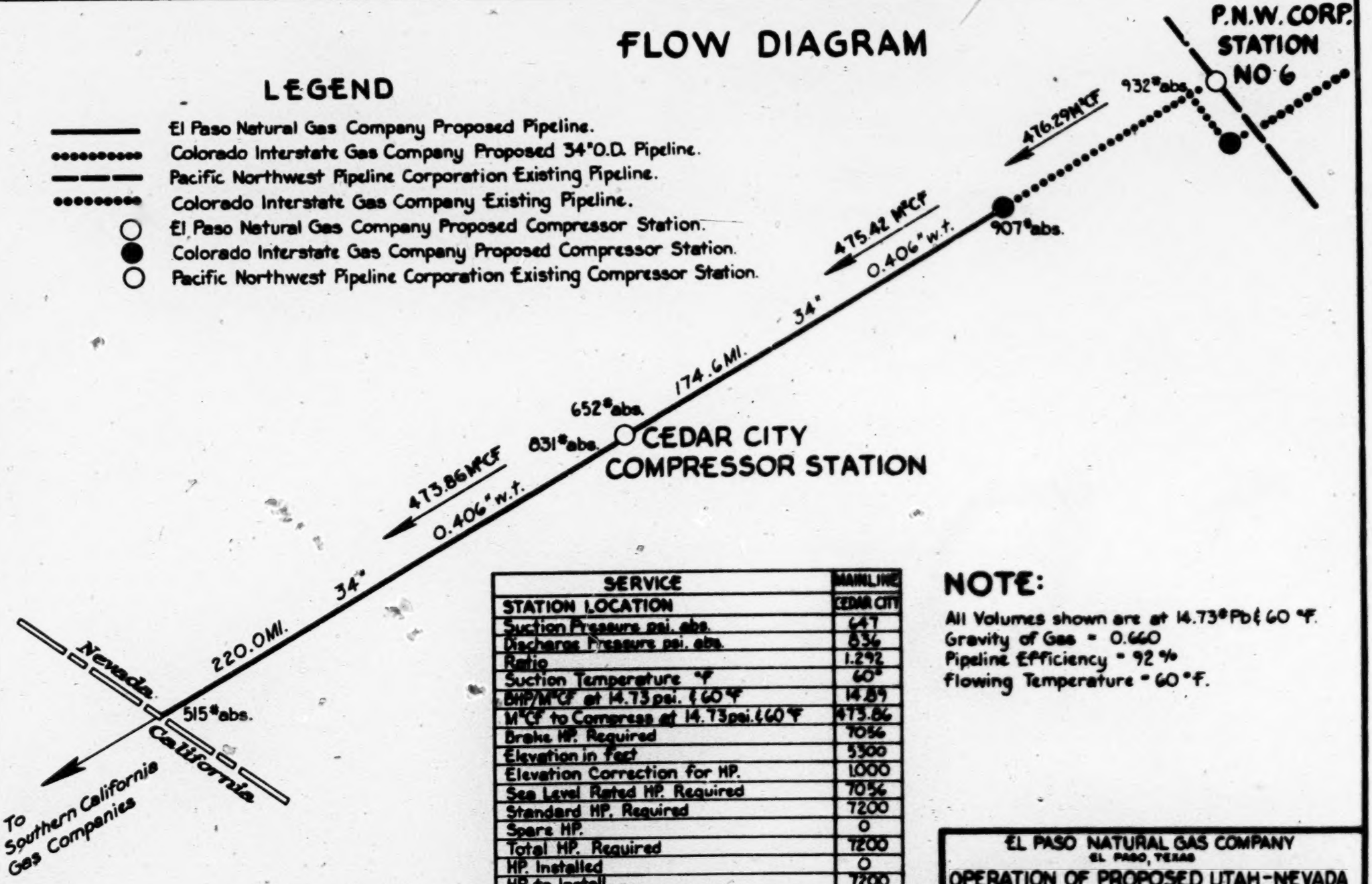
NOTE:
Volumes shown are Design Capacities and not necessarily Contract Volumes
All Volumes shown are at 14.73 Psi & 60°F

SERVICE	FIELD																							
STATION LOCATION																								
PRESSURE IN psi	0	230	38	175	215	13	70	200	71	69														
PRESSURE IN psi	623	623	623	623	623	623	623	623	623	623														
RAT. TEMPERATURE °F	588	604	583	590	595	2,704	2,704	2,704	2,704	2,704														
SUCTION TEMPERATURE °F	118	120	118	118	118	80	80	80	80	80														
SUP. G.P. AT 14.73 Psi & 60°F	0.718	0.718	0.718	0.718	0.718	0.831	0.831	0.831	0.831	0.831														
MCF TO COMPRESS AT 14.73 Psi & 60°F	4160	4160	4160	4160	4160	4160	4160	4160	4160	4160														
ELEVATION IN FEET	4250	3961	3700	3800	3800	3700	3700	3700	3700	3700														
ELEVATION CORRECTION FOR HP	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9														
SEA LEVEL RATED HP REQUIRED	4620	4623	4700	4800	4800	4700	4700	4700	4700	4700														
STANDARD HP REQUIRED	4620	4623	4700	4800	4800	4700	4700	4700	4700	4700														
SPARE HP	0	0	0	0	0	0	0	0	0	0														
TOTAL HP REQUIRED	4620	4623	4700	4800	4800	4700	4700	4700	4700	4700														
HP INSTALLED/APPROVED/APPLIED FOR	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000														
ADDITIONAL HP REQUIRED	0	0	0	0	0	0	0	0	0	0														
MCF TREATED BY DEHYDRATED	4160	4160	4160	4160	4160	4160	4160	4160	4160	4160														
MCF ACID GAS REMOVED	0	0	0	0	0	0	0	0	0	0														
E.P.H.P. FUEL REQUIRED, MCF	0	0	0	0	0	0	0	0	0	0														
NET MCF TO E.P.N.G. PIPELINE	4160	4160	4160	4160	4160	4160	4160	4160	4160	4160														



EL PASO NATURAL GAS COMPANY
PERMIAN FIELD FLOW SHEET
2907 M*CFD
TOTAL SYSTEM DESIGN
DWG. NO. A-3-114

FLOW DIAGRAM



SERVICE	MAINLINE
STATION LOCATION	CEDAR CITY
Suction Pressure psi. abs.	647
Discharge Pressure psi. abs.	836
Ratio	1.292
Suction Temperature °F	60°
BHP/MMCF at 14.73 psi. & 60°F	14.89
MMCF to Compress at 14.73psi. & 60°F	473.86
Brake HP. Required	7056
Elevation in Feet	5300
Elevation Correction for HP.	1000
Sea Level Rated HP. Required	7056
Standard HP. Required	7200
Spare HP.	0
Total HP. Required	7200
HP. Installed	0
HP. to Install.	7200
MCF Treated and/or Dehydrated	0
MCF Acid Gas Removed	0
Fuel Required, MCF	1560
Net MCF Delivered to Pipeline	473860

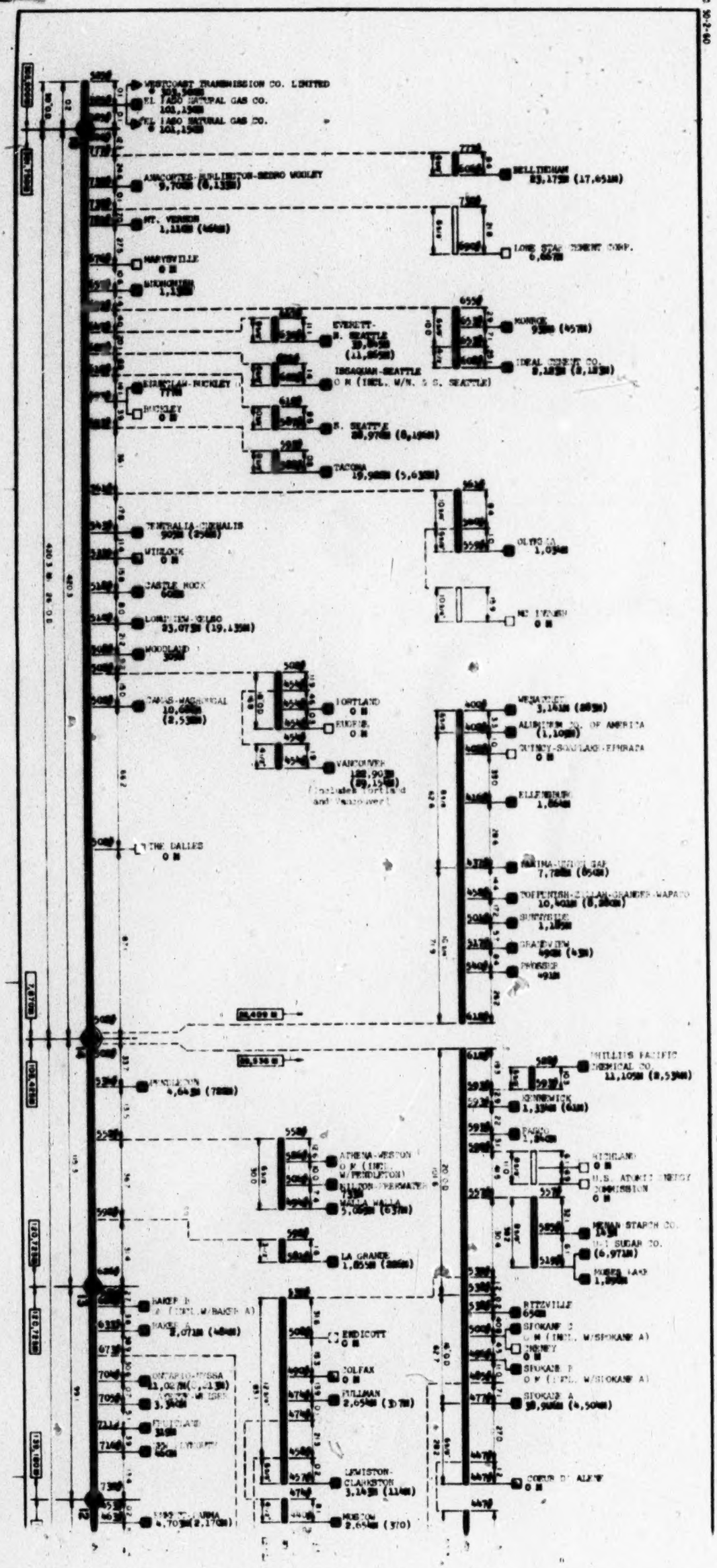
NOTE:

All Volumes shown are at 14.73#Pb & 60 °F.
Gravity of Gas = 0.660
Pipeline Efficiency = 92 %
Flowing Temperature = 60 °F.

EL PASO NATURAL GAS COMPANY
EL PASO, TEXAS

OPERATION OF PROPOSED UTAH-NEVADA SYSTEM WITH 473.86MMCF/D DELIVERY TO SOUTHERN CALIFORNIA COMPANIES.

(338MMCF/D Total System Design.) FPC-421


WESTCOAST TRANSMISSION CO. LIMITED
EL PASO NATURAL GAS CO.
EL PASO NATURAL GAS CO.
ANACORTES-BURLINGTON-MEDRO WOOLEY
MT. VERNON
MARYSVILLE
BELLINGHAM
LONE STAR CEMENT CORP.
EVERETT-N. SEATTLE
ISSAQUAH-SEATTLE
KIRKLAND-REDMOND
BUCKLEY
S. SEATTLE
TACOMA
MONROE
IDEAL CEMENT CO.
CENTRALIA-CHEHALIS
WINLOCK
CASTLE ROCK
LONGVIEW-KELSO
WOODLAND
OLYMPIA
MT. VERNON
CAMAS-WASHOUGAL
PORTLAND
EUGENE
VANCOUVER
(Includes Portland and Vancouver)
THE DALLES
WESTVACO
ALBERTSON CO. OF AMERICA
QUINCY-SOUTH QUINCY-EPHRATA
ELLENSBURG
MOSES LAKE-WARDEN-GRANDER-WAPATO
SUNNYSIDE
GRANDVIEW
PROSSER
PHILLIPS PACIFIC CHEMICAL CO.
KENNEWICK
PASCO
RICHLAND
U.S. ATOMIC ENERGY COMMISSION
ATHENA-WESTON
LA GRANDE
BAKER
ONTARIO-VALE
ENDICOTT
COLFAX
PULLMAN
LEWISTON-CLARKSTON
MOSCOW
RITZVILLE
SPOKANE C
SPOKANE B
SPOKANE A
COEUR D' ALENE

7264

Hearing Exhibit No. 371

PACIFIC NORTHWEST PIPELINE CORPORATION
911 M & M BUILDING
HOUSTON 2, TEXAS

December 22, 1954

TO THE GAS PRODUCERS, STOCKHOLDERS AND DIRECTORS OF PACIFIC NORTHWEST PIPELINE CORPORATION:

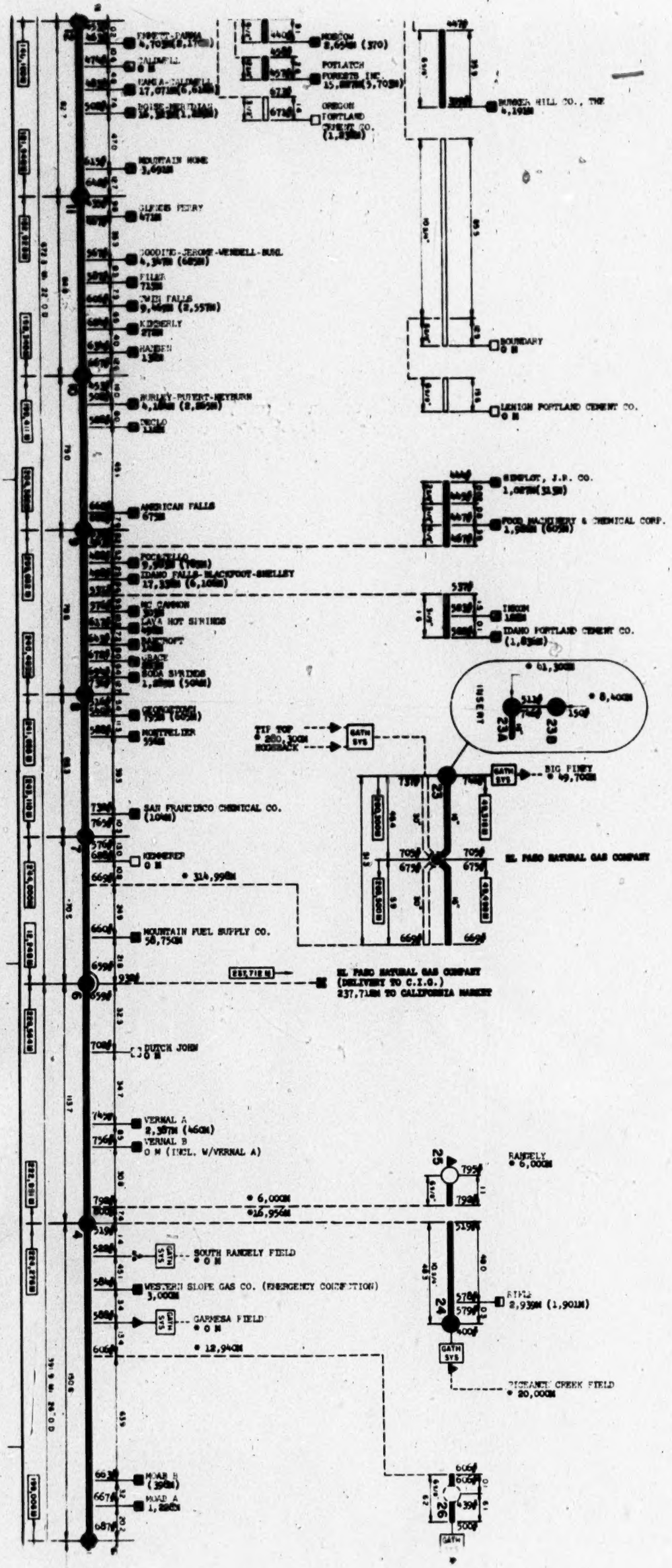
Dear Folks:

This is our end of year message to bring you up-to-date on the progress of our project.

For the past several months we have had extensive negotiations with Westcoast Transmission Co., Ltd., El Paso Natural Gas Company and Pacific Gas & Electric, with the result that last week we executed contracts and agreements with Westcoast and El Paso.

This tri-party deal will benefit all concerned. It will give Westcoast what they have been fighting for—a pipeline. It will mean that Pacific will expand its facilities, be a larger company, will protect its market from future competition by a Canadian pipeline and it caused the dismissal of the law suit of Westcoast against Pacific's present certificate. It means that El Paso's California market will be protected against future competition, and further it results in all parties now working together for a common end rather than fighting each other. Pacific Gas & Electric, in turn, will receive Canadian gas at substantially the same price that they are now receiving gas from Texas and New Mexico. The details of the overall trade can be summarized as follows:

1. Pacific has contracted with Westcoast for the purchase of Peace River gas at the International Boundary near


BURGER HILL CO., THE
BOUNDARY
LEHIGH PORTLAND CEMENT CO.
SIMPLOT, J.R. CO.
FOOD MACHINERY & CHEMICAL CORP.
IDAHO PORTLAND CEMENT CO.
TIF TOP
BOOMBACK
GATH SYS
BIG PINEY
EL PASO NATURAL GAS COMPANY
SAN FRANCISCO CHEMICAL CO.
MOUNTAIN FUEL SUPPLY CO.
EL PASO NATURAL GAS COMPANY
(DELIVERY TO C.I.G.)
237,718M TO CALIFORNIA MARKET
DUTCH JOHN
VERNAL A
VERNAL B
RANGELY
SOUTH RANGELY FIELD
WESTERN SLOPE GAS CO. (EMERGENCY CONNECTION)
GARMESA FIELD
PICEANCE CREEK FIELD
MOAB B
MOAB A

FPC DOCKET No G-
EXHIBT G-I
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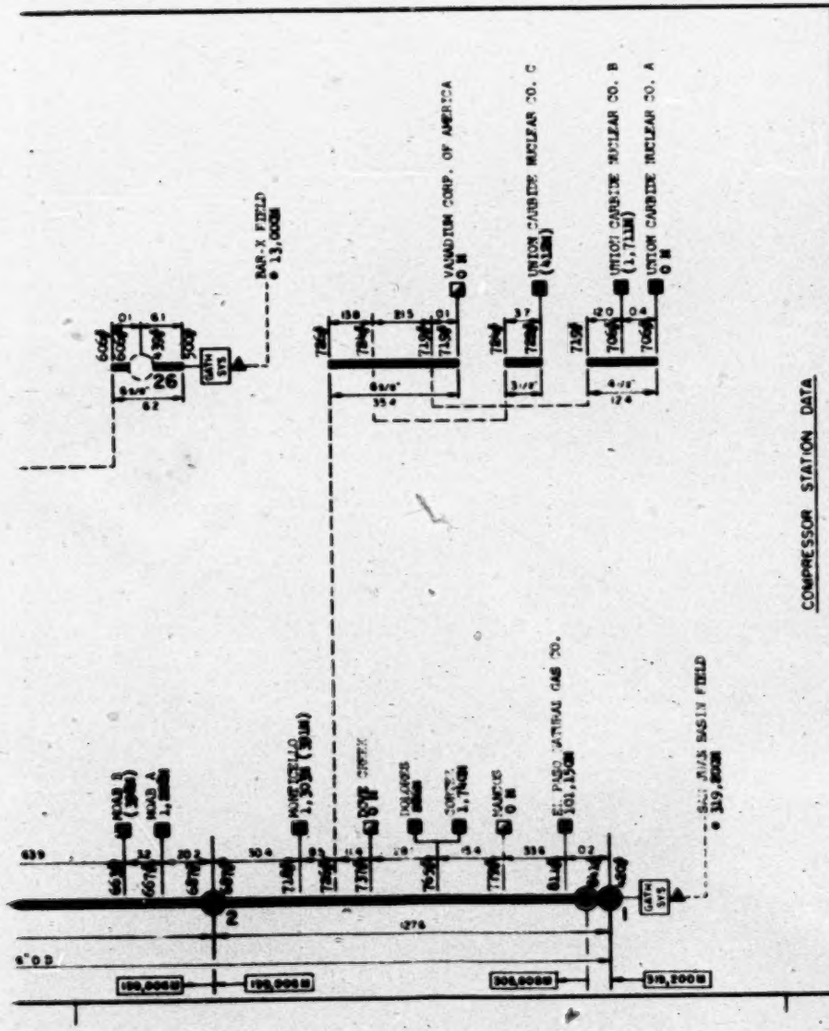

COMPRESSOR STATION DATA

STATION NUMBER	MAXIMUM DAY REQUIRED	MAXIMUM DAY INSTALLED	MAXIMUM DAY CERTIFICATED, NOT INSTALLED	ALTITUDE IN FEET	FACTOR	MCF/D PUMPED	PRESSURE IN	PRESSURE OUT	COMPRESSION RATIO	FUEL GAS MCF/D
1	12,000	12,000	0	6,643	(5) 0.869 (11)1.000	269,870	420	861	2.00	2,500
2	12,000	12,000	0	6,643	0.860	46,480	420	818	1.95	410
3	12,000	12,000	0	6,643	0.854	199,006	487	827	1.70	0
4	12,000	8,000	0	5,873	0.861	288,951	516	807	1.56	1,385
5	12,000	8,000	0	5,508	0.817	237,718	656	938	1.43	1,100
6	12,000	8,000	0	5,118	0.868	243,110	573	778	1.36	890
7	12,000	4,500	0	5,340	0.868	240,365	513	743	1.45	1,390
8	12,000	6,000	0	4,843	0.888	206,308	433	680	1.59	1,870
9	12,000	6,000	0	4,866	0.891	196,340	450	676	1.50	1,071
10	12,000	6,000	0	3,990	0.918	181,343	450	649	1.44	988
11	12,000	6,000	0	4,027	0.936	139,180	450	648	1.44	0
12	12,000	4,500	0	3,908	0.917	130,775	488	688	1.41	350
13	12,000	8,000	0	313	0.970	115,943	495	697	1.41	1,754
14	12,000	8,000	0	329	0.976	301,750	450	697	1.54	1,540
15	12,000	1,500	0	7,333	0.789	6,866	511	711	1.39	850
16	12,000	3,300	0	7,333	0.789	99,316	510	706	1.38	105
17	12,000	660	0	7,498	0.733	19,695	500	586	1.17	60
18	4,800	880	Certificated but not installed 0	4,800	1.000	18,940	436	613	1.41	
	251	440	440							

(1) Gathering Facilities

LEGEND

Pipe Lines

- Constructed
- Certificated, but not constructed
- Certificate applied for

Compressor Stations (Existing and Proposed)

- Constructed
- Certificated, but not constructed
- Certificate applied for

Process Plant (Existing and Proposed)

- Constructed
- Future

Points of Connection (Existing and Proposed)

Sales:

- Certificated, Installed, and In Service
- Certificated, Installed, and Not In Service
- Non-Jurisdictional Sale, In Service
- Certificated, but not Installed
- Authorization Pending
- Proposed, this application

Gas Supply

- Present Connection
- Proposed Connection

Pressure, Volume, Pipe Size, and Distance Symbols

- 766 P — Pounds per square inch absolute
- 330 M — Volume in thousand standard cubic feet per day
- 10 3/4" — Outside diameter of pipe in inches
- 47i — Pipe length in miles

NOTES

1. All pressures shown represent pressure in main line or lateral at points of connection.
2. Total gas sales are shown adjacent to the city or lateral lines where applicable.
3. Volumes in ( ) represent interruptible sales.
4. Volumes following • represent supply.
5. Volumes in [ ] represent volumes into and out of each compressor station.

Holeb
21
347

PACIFIC NORTHWEST PIPELINE CORP.
SALT LAKE CITY, UTAH

DESIGN CHART

THIRD YEAR (1962) MAXIMUM DAY
1962-1963 HEATING SEASON
AND MAXIMUM CAPABILITIES

Sumas, Washington. The contract provides for the sale by Westcoast and purchase by Pacific of 200,000 MCF per day beginning November 1, 1957 (providing the facilities of all parties concerned are ready at that time), with the volume to be increased to 250,000 MCF per day January 1, 1958 and to 300,000 MCF per day on January 1, 1959. Further, it provides an option for the purchase of an additional 100,000 MCF per day under the same price and terms when proven and deliverable and the refusal of any additional quantities of gas when proven and deliverable at price and terms to be negotiated. The purchase price to be paid Westcoast for the first 400,000 MCF per day of gas is 22¢ per MCF at the International Boundary.

The agreements with Westcoast provide for them to furnish at their cost all of the necessary engineering, financing and other technical data required for the support of Pacific's application before the Federal Power Commission and for the dismissal of the Westcoast

7265

appeal before the Third Circuit Court of Appeals at Philadelphia. Since signing the contract and agreements, Westcoast has officially dismissed the suit.

Westcoast proposes to construct a 30-inch gas transmission system estimated to cost approximately $100,000,000 from the Peace River area near St. John, British Columbia, to the International Boundary, and will serve the Canadian markets of British Columbia enroute.

2. The contract with El Paso provides for the sale to El Paso at Mountain Home, Idaho (which is approximately the midway point on Pacific's system) for Canadian gas for the California market; 150,000 MCF per day on November 1, 1957 (providing facilities are ready to receive such gas), the volume to be increased to 200,000 MCF per day on January 1, 1958, and to further be increased to 250,000

MCF per day on January 1, 1959. It also provides for El Paso to share in the additional quantities of Canadian gas when proven and deliverable with Pacific.

El Paso proposes to construct a lateral pipeline (costing approximately $35,000,000) from Pacific's system near Mountain Home, Idaho to the California border near Reno, Nevada, from which point it is expected that Pacific Gas & Electric will construct a pipeline with California to their gas transmission center near Antioch, California.

The agreements with El Paso provide for complete co-operation in the development of the San Juan Basin field and for the joint support of each company's application before FPC.

3. Pacific will enlarge its transmission system in the Northwest market area and extend it to the International Boundary in order to receive the Canadian gas. Roughly, it will mean increasing the size of the pipeline along the Coast of Washington and East to the Pendleton, Oregon junction from its present size of a pipe size of approximately 26-inches, estimated at a cost of around $18,000,000.

The balance of the Canadian gas purchased and not sold to El Paso, amounting to 50,000 MCF per day, will be used by Pacific in expanding its Northwest market and further Pacific has obtained assurance of additional gas to take care of its load growth in this market area.

Pacific will proceed with the financing and construction of its project as presently authorized by its certificate. This tri-party deal will not interfere with our present plans. It is step number two—the expansion of Pacific's project—and must be authorized by FPC. It is hoped within the next sixty days applications can be filed by all parties and a certificate received in the early summer of 1955, which will permit the enlargement of facilities during Pacific's construction period.

The New Mexico Conservation Commission last week issued its pro-ration order for the San Juan Basin field. This was another unknown, which was an obstacle in our financing, which has been removed and we now feel that we are in good shape to proceed with the financing of the project. This will, of course, be on the basis of our present certificate.

We appreciate the faith and confidence which you have had in us and we believe that the "treaty" which we have entered into will solve the major problems which have been confronting us.

We wish all of you a VERY HAPPY HOLIDAY SEASON.

Sincerely,

RAY C. FISH
Chairman

7267

Hearing Exhibit No. 372

December 14, 1955

Mr. Ray C. Fish, Chairman of the Board
Mr. C. R. Williams, President
Pacific Northwest Pipeline Corporation
New York, New York

Gentlemen:

Pursuant to our conference of today we wish to state that we will recommend to our Board of Directors and our stockholders the following as the basis for the merger of the two companies:

1. A tax free exchange of our common stock for your common stock on the basis of 5 shares of our stock for 9 shares of your stock.

2. The merger to be accomplished either by direct transfer of your property including your Certificate to the El Paso Company or by such transfer to a subsidiary. We have not developed all of the ideas in this respect but we are sure that the proper method can be found. In all events the merger must be carried out in such fashion as to require the order of the Federal Power Commission under 7-C.

3. The merger to be approved by the stockholders of both companies.

We understand that your transfer of properties will include your subsidiaries and your one-fourth stock interest in Westcoast Transmission Company Limited.

All legal details are to be worked out satisfactory to counsel of each Company.

Yours truly,

PK:ms

President

7283

Hearing Exhibit No. 379

EL PASO NATURAL GAS COMPANY
EL PASO, TEXAS

November 14, 1957

Pacific Northwest Pipeline Corporation
Post Office Box 1526
Salt Lake City 10, Utah

Gentlemen:

Pacific Northwest is presently party buyer under the following gas purchase contracts in the Big Piney Area, located in Lincoln and Sublette Counties, Wyoming, with the below listed parties:

(a) Contract dated July 24, 1953, as heretofore amended, with Belco Petroleum Corporation and David C. Bintliff.

(b) Contract dated June 8, 1956, as heretofore amended, with Belco Petroleum Corporation and David C. Bintliff.

(c) Contract dated August 26, 1955, as heretofore amended, with Belfer Natural Gas Company.

For convenience, all of the above contracts shall be hereinafter collectively referred to as "Pacific Contracts".

El Paso, as party buyer, has entered into the following gas purchase contracts in the Big Piney Area, located in Lincoln and Sublette Counties, Wyoming, with the below listed parties:

(a) Contract dated November 14, 1957, with Belco Petroleum Corporation and David C. Bintliff.

(b) Contract dated November 14, 1957, with Belfer Natural Gas Company.

For convenience, all of the above contracts shall be hereinafter collectively referred to as "El Paso Contracts".

7284

This letter will evidence our agreement as to the following:

If, by virtue of the quantities of gas taken by El Paso under the El Paso Contracts, Pacific is unable to acquire under the Pacific Contracts the quantity of gas therein contracted to be sold to Pacific, then El Paso agrees that it will make available to Pacific an amount of natural gas equal to the difference between the quantity of gas received by Pacific under the Pacific Contracts and the quantity of gas Pacific would have received except for the aforesaid quantities taken by El Paso, the amount of such deficiency being herein referred to as the "Deficient Quantity". The price of such gas delivered by El Paso to Pacific hereunder shall be the price which Pacific would have paid from time to time had the Deficient Quantity been received under the Pacific Contracts, with appropriate adjustment for differences, if any, in delivery point and quality, including pressure, so that the gas made available to Pacific hereunder will be of equal value to that which it would have acquired under the Pacific Contracts. Delivery of the Deficient Quantity shall be made in such daily amount that Pacific will receive hereunder and from deliveries, if any, made under the Pacific Contracts the same daily amount which Pacific would have received under the Pacific Contracts except for the quantities taken by El Paso under the El Paso Contracts.

If the above is in accordance with your understanding, please so indicate in the space provided below and return two copies hereof for our files.

Very truly yours,

EL PASO NATURAL GAS COMPANY
By HOWARD BOYD
Executive Vice President

November 14,1957

Agreed to and Accepted:

PACIFIC NORTHWEST PIPELINE CORPORATION
By.....
President

7287

EL PASO NATURAL GAS COMPANY

RECEIPTS AND SALES OF NATURAL GAS
1948 [1]-1957

Year	Natural gas sales MMcf	Natural gas revenues Total (000's)	Natural gas revenues ¢ per Mcf	Natural gas produced and purchased MMcf	Cost of prod. and purchasing [2] Total (000's)	Cost of prod. and purchasing [2] ¢ per Mcf	Natural gas purchased MMcf	Cost of purchases Total (000's)	Cost of purchases ¢ per Mcf
7	896,691	$209,752	23.4	984,945	$103,408	10.5	837,853	$80,196	9.6
6	783,751	183,416	23.4	855,923	86,978	10.2	755,013	68,891	9.1
5	701,069	158,897	22.7	767,352	78,057	10.2	682,096	62,378	9.1
4	636,524	130,118	20.4	697,252	68,782	9.9	617,960	55,830	9.0
3	516,826	104,999	20.3	589,625	52,051	8.8	533,967	43,281	8.1
2	441,926	74,681	16.9	491,283	31,736	6.5	435,001	24,468	5.6
1	353,943	59,857	16.9	382,646	22,296	5.8	370,238	18,911	5.1
0	245,721	38,963	15.9	248,190	15,644	6.3	247,568	13,860	5.6
9	179,341	28,717	16.0	180,744	10,735	5.9	180,009	9,163	5.1
8	141,591	22,664	16.0	135,821	7,059	5.2	132,943	5,612	4.2

[1] First full year of service to California companies.
[2] Excludes products extraction operations.

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[Cover omitted in printing]

7289

Hearing Exhibit No. 382

EL PASO NATURAL GAS COMPANY
DOCKET NO. 7-13019

SUPPLEMENTARY DATA REQUESTED BY FPC STAFF AT HEARING ON SEPTEMBER 19, 1958 FOR YEAR 1960

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EL PASO NATURAL GAS COMPANY
El Paso, Texas

September 30, 1958

Federal Power Commission
GAO Building
441 G Street, N.W.
Washington, D. C.

Attention: Mr. Joseph H. Gutride, Secretary
In re: Pacific Northwest Pipeline Corporation Docket No. G-13018 and El Paso Natural Gas Company Docket No. G-13019—Consolidated for Hearing Purposes.

Gentlemen:

During the hearing which commenced on September 17, 1958, in the consolidated proceedings in the above referred to dockets, Staff Counsel for the Commission requested that certain additional information be furnished. The request for information is set forth at pages 500 through 505 of the transcript of the proceeding and calls for the furnishing by El Paso Natural Gas Company of material that will consist of an Estimate of Sales, Estimate of Earnings and Cost of Service assuming the proposed merger of El Paso Natural Gas Company and Pacific Northwest Pipeline Corporation will be consummated and that the facilities applied for in Dockets Nos. G-15696, G-16235 and G-16236 will be authorized. Such information was requested for the calendar years 1960 and 1962. Said information was furnished and identified as Exhibit No. 28 on September 22, 1958, insofar as it relates to Sales data for the years 1960 and 1962 and to the requested Cost of Service data and Estimate of Earnings data for the calendar year 1962. In order to fully comply with the above

referred to request of Staff Counsel, El Paso Natural Gas Company submits herewith seven copies of a folder containing material which consists of an Estimate of Earnings, schedules showing details of Federal Income Tax Computations and Cost of Service and Allocation of Cost by Sales Zones, all for the calendar year 1960. This material is contained in a folder labeled "El Paso Natural Gas Company Docket No. G-13019, Supplementary Data Requested by FPC Staff at Hearing on September 19, 1958 for the Year 1960."

With the furnishing of the attached material, El Paso Natural Gas Company believes that full and complete information has been furnished consistent with the above referred to request of Staff Counsel. A copy of

said material has this day been mailed properly addressed with postage paid to each of the parties of record and interested persons shown on the attached certificate of service, together with a copy of this letter.

Respectfully submitted,

EL PASO NATURAL GAS COMPANY
By s/ ALLEN R. GRAMBLING
of Harding, Grambling, Sims & Galatzan
Attorney for El Paso Natural Gas Company

Attachment

7292-7296

(These pages comprise a Certificate of Service to the foregoing document.)

Docket No. G-____
Exhibit
Schedule No. 1
Sheet 1 of 1
Witness____

EL PASO NATURAL GAS COMPANY AND FOUR SUBSIDIARY COMPANIES AND PACIFIC NORTHWEST OPERATING DIVISION ASSUMING MERGER OF EL PASO AND PACIFIC NORTHWEST PIPELINE CORPORATION EFFECTIVE JANUARY 1, 1959 - CONSOLIDATION REVENUES ADJUSTED AT RATES EFFECTIVE UNDER DOCKETS NOS. G-13948 and G-13302 RATE FILINGS ADJUSTED TO INCLUDE A PROVISION FOR INCREASED REVENUES ARISING FROM INCREASED GAS COSTS (AFTER GIVING EFFECT TO DOCKETS NOS. G-14694, G-14235 and G-14236)

CALENDAR YEAR 1960

Line No.	Description (1)	El Paso Natural Gas Company and Four Subsidiary Companies (2)	Pacific Northwest Operating Division (3)	Inter-Division Eliminations (4)	El Paso Natural Gas Company and Four Subsidiary Companies (5)	Line No.
	Operating Revenues					
	Sales Other than to California Companies					
1	Copper and Smelting	$ 10,766,694	$ -	$ -	$ 10,766,694	1
2	Other Industrial	1,852,420	6,020,000	-	7,872,420	2
3	Public Utilities for Power	14,354,181	-	-	14,354,181	3
4	Public Utilities for Resale	38,697,011	64,435,000	20,490,222	82,601,789	4
5	Other Sales	1,017,068	-	-	1,017,068	5
6	Total Sales Other than to California Companies	$ 68,667,374	$ 70,455,000	$ 20,490,222	$118,632,152	6
	Sales to California Companies					
	Public Utilities for Power					
7	Southern California Edison Company	$ 10,564,663	$ -	$ -	$ 10,564,663	7
	Public Utilities for Resale					
8	Southern California	132,106,318	-	-	132,106,318	8
9	Northern California	110,497,600	-	-	110,497,600	9
10	Total Public Utilities for Resale	$242,603,918	$ -	$ -	$242,603,918	10
11	Total Sales to California Companies	$253,168,581	$ -	$ -	$253,168,581	11
12	Sub Total	$321,835,955	$ 70,455,000	$ 20,490,222	$371,800,733	12
13	Provision for Increased Revenues that will Result from Increased Gas Costs Included Herein	18,134,175	-	-	18,134,175	13
14	Total Gas Sales	$339,970,130	$ 70,455,000	$ 20,490,222	$389,934,908	14
15	Extracted Products Sales	33,675,681	1,102,240	220,000	34,557,921	15
16	Other Operating Revenues	6,829,105	130,000	162,000	6,797,105	16
17	Total Operating Revenues	$380,474,916	$ 71,687,240	$ 20,872,222	$431,289,934	17
	Expenses					
18	Cost of Gas	$137,361,464	$ 34,979,693	$ 20,490,222	$151,846,935	18
19	Exploration and Development Costs	5,200,000	479,900	-	5,679,900	19
20	Field Handling Expenses - Operation and Maintenance	57,861,192	5,179,864	220,000	62,821,056	20
21	Transmission Expenses - Operation and Maintenance	23,661,342	3,551,018	162,000	27,050,360	21
22	Sales Promotion	339,679	-	-	339,679	22
23	Administrative and General	12,099,023	3,788,426	-	15,847,449	23
24	Depreciation, Amortization and Depletion	47,902,628	10,088,092	-	57,990,720	24
25	Taxes, Other than Federal Income Tax	14,232,925	2,889,485	-	17,122,010	25
26	Sub Total	$298,217,853	$ 60,952,478	$ 70,872,222	$338,298,109	26
27	Other Income	1,342,273	50,250	-	1,392,523	27
28	Sub Total	296,875,580	60,902,228	20,872,222	336,905,586	28
	Other Deductions					
29	Interest	$ 33,254,913	$ 8,605,464	$ -	$ 41,860,377	29
30	Amortization of Debt Expense and Premium (Net)	176,976	131,462	-	308,438	30
31	Interest Charged to Construction - Credit	582,201	195,940	-	778,141	31
32	Miscellaneous Other Deductions	126,000	-	-	126,000	32
33	Total Other Deductions	$ 32,973,688	$ 8,540,986	$ -	$ 41,516,674	33
34	Total Expenses and Other Deductions	$329,851,268	$ 69,443,214	$ 20,872,222	$378,422,260	34
35	Net Income - Before Provision for Federal Income Tax	$ 50,623,648	$ 2,244,026	$ -	$ 52,867,674	35
	Provision for Federal Income Tax					
36	Provision for Current Year				$ -	36
37	Provision for Deferred Federal Income Tax				20,668,356	37
38	Total Provision for Federal Income Tax				$ 20,668,356	38
39	Net Income				$ 32,199,318	39

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(72887)

Docket No. G-____
Exhibit ____
Schedule No. 1
Sheet 1 of 1
Witness ____

EL PASO NATURAL GAS COMPANY
Provision for Federal Income Tax for Year 1960 for Companies
Filing in Consolidated Return Assuming Merger of El Paso and Pacific Northwest
Pipeline Corporation Effective January 1, 1959 after Giving Effect to
Dockets Numbered G-13508, G-14243 and G-14244

Description (1)	Consolidated (2)	El Paso Natural Gas Company (3)	Pacific Northwest Operating Division (4)	Total El Paso Natural Gas Company (5)	El Paso Gas Transportation Corporation (5)	El Paso Natural Gas Building Company (7)	San Juan Pipe Line Company (8)	Utah Natural Gas Company (9)	Utah-Western Pipeline Company (10)	West Lake Natural Gasoline Company (11)	New Mexico Western Oil & Gas Company (12)	Westcoast Investment Corporation (13)	Pacific Northwest Realty Corporation (14)	Specialty Gas Products (15)	El Paso Natural Gas Products Company (16)	El Paso - Venezuela Company (17)	El Paso Products Pipeline Company (18)	Southern Gasoline & Chemical Corp. (19)	Line No.
Net Income Per Books	$ 24,283,282	$ 29,382,543	$ 2,244,026	$32,626,609	$ 1,136	$138,541	$ -	$213,422	$ -	$10,000	$ 20,659	$(185,000)	$130,263	$ -	$ 1,699,200	$(446,200)	$ -	$ -	1
Tax Adjustments:																			
Intangible Drilling Cost	$ 16,117,333	$ 9,483,310	$ 4,234,023	$13,717,333	$ -	$ -	$ -	$ -	$ -	$ -	$100,000	$ -	$ -	$ -	$ 2,000,000	$ 300,000	$ -	$ -	2
Taxes Charged Construction	863,468	738,468	100,000	838,468	-	-	-	-	-	-	-	-	-	-	25,000	-	-	-	3
Interest Charged Construction	903,141	582,201	195,940	778,141	-	-	-	-	-	-	-	-	-	-	125,000	-	-	-	4
Excess Tax (-Loss) Depreciation	(901,539)	365,706	(863,698)	(498,392)	(3,397)	(3,205)	-	37,904	-	-	-	-	12,500	-	(960,109)	921	112,179	-	5
Excess Tax (-Loss) Depletion	(3,210,333)	(2,339,798)	(414,574)	(2,754,333)	-	-	-	-	-	-	-	-	-	-	(456,000)	-	-	-	6
Adjustment of Carried Interest Production	225,000	225,000	-	225,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7
Dividend Received Reduction	493,837	147,837	-	147,837	-	-	-	-	-	-	-	-	-	-	208,000	-	-	-	8
Amortization of Debt Expense and Premium - Net	65,437	65,437	-	65,437	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9
Excess Tax (-Loss) Abandoned Lease Cost	(300,000)	(300,000)	-	(300,000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10
Total Deductions	$ 14,256,344	$ 8,967,800	$ 3,291,691	$12,779,491	$(3,397)	$ (3,205)	$ -	$ 37,904	$ -	$ -	$100,000	$ -	$ 12,500	$ -	$ 1,941,891	$ 300,921	$ 112,179	$ -	11
Net Taxable Income-Straight Line Depreciation Basis Before Loss Carry-over	$ 40,066,938	$ 41,414,783	$ (1,007,665)	$40,407,118	$14,555	$201,746	$ -	$175,458	$ -	$10,000	$(73,391)	$(185,000)	$118,443	$ -	$ 259,109	$(744,921)	$(112,179)	$ -	12
Excess of Declining Balance Depreciation - Current Year	(23,850,693)	(12,329,623)	(4,787,632)	(20,138,278)	(1,359)	(44,933)	-	(8,574)	-	-	-	-	(31,281)	-	(4,781,482)	(43,164)	(3,313,841)	-	13
Net Taxable Income - Declining Balance Depreciation Basis before Loss Carry-over	$ 17,266,045	$ 29,085,160	$ (5,795,297)	$20,268,840	$13,196	$156,813	$ -	$166,884	$ -	$10,000	$(73,391)	$(185,000)	$ 87,162	$ -	$(4,522,373)	$(787,585)	$(3,426,020)	$ -	14
Pacific's Pre 1957 Loss Carry-over on Declining Balance Depreciation Basis (Balance)	(15,553,666)	-	(15,553,666)	(15,553,666)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15
Consolidated Loss Carry-over on Declining Balance Depreciation (Portion of 1957)	(1,712,779)	-	(1,212,110)	(1,212,110)	-	-	(23)	-	(20)	-	(13,024)	(5,567)	1,138	-	(142,166)	(28,753)	(5,572)	-	16
Net Taxable Income - Declining Balance Depreciation Basis	$ -	$ 29,085,160	$(22,862,096)	$ 3,202,064	$13,196	$156,813	$(23)	$166,884	$(20)	$10,000	$(86,415)	$(190,567)	$ 88,024	$ -	$(4,664,539)	$(816,338)	$(3,431,592)	$ -	17
Consolidated Tax - Current @ 52% Rate	-																		
@ 25 Rate	-																		
Total	-																		
Deferred Tax:																			
Taxable Income on Straight Line Depreciation Basis																			
Net Taxable Income - Straight Line Depreciation Basis Before Loss Carry-over	$ 40,066,938	$ -	$ -	$40,407,118	$14,555	$201,746	$ -	$175,458	$ -	$10,000	$(73,391)	$(185,000)	$118,443	$ -	$ 259,109	$(744,921)	$(112,179)	$ -	18
Pacific's Pre 1957 Loss Carry-over on Straight Line Depreciation Basis	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	19
Consolidated Loss Carry-over on Straight Line Depreciation Basis	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	20
Net Taxable Income on Straight Line Depreciation Basis After Loss Carry-over	$ 40,066,938	$ -	$ -	$40,407,118	$14,555	$201,746	$ -	$175,458	$ -	$10,000	$(73,391)	$(185,000)	$118,443	$ -	$ 259,109	$(744,921)	$(112,179)	$ -	21
Taxable Income on Declining Balance Depreciation Basis																			
Net Taxable Income - Declining Balance Depreciation Basis After Loss Carry-over (See Above Computation)	-	-	-	3,202,064	13,196	156,813	(23)	166,884	(20)	10,000	(86,415)	(190,567)	62,024	-	(2,086,523)	(815,845)	(431,588)	-	22
Excess of Declining Balance Depreciation Which Reduced Consolidated Taxes	$ 40,066,938	$ -	$ -	$37,205,054	$ 1,359	$ 44,933	$ 23	$ 8,574	$ 20	$ -	$ 13,024	$ 5,567	$ 56,419	$ -	$ 2,345,632	$ 72,924	$ 319,413	$ -	23
Consolidated Tax - Deferred @ 52% Rate	$ 20,834,608																		
Allocation of Current Tax																			
Net Taxable Income - Declining Balance Depreciation Basis																			
Distribution of Losses to Respective Parents																			
Distribution of Unused Subsidiary Parent Losses to El Paso																			
Net Taxable Income for Allocation of Current Tax																			
Current Tax - @ 52% Rate	None																		
- @ 25 Rate	None																		
Allocation of Deferred Tax																			
Excess of Declining Balance Depreciation Which Reduced Consolidated Taxes	$ 40,066,938			$37,205,054	$ 1,359	$ 44,933	$ 23	$ 8,574	$ 20	$ -	$ 13,024	$ 5,567	$ 56,419	$ -	$ 2,345,628	$ 72,924	$ 319,413	$ -	24
Distribution of Unused Deduction to Respective Parents	-			18,634	-	-	(23)	-	(20)	-	(13,024)	(5,567)	-	-	390,377	(72,924)	(319,413)	-	25
Distribution of Unused Deduction from Subsidiary Parents to El Paso	-			2,479,860	-	-	-	-	-	-	-	-	-	-	(2,479,860)	-	-	-	26
Excess of Declining Balance Depreciation, Which Reduced Taxes, for Allocation of Deferred Tax	$ 40,066,938			$39,703,548	$ 1,359	$ 44,933	$ -	$ 8,574	$ -	$ -	$ -	$ -	$ 56,419	$ -	$ 256,145	$ -	$ -	$ -	27
Deferred Tax - @ 52% Rate	$ 20,834,608			$20,646,285	$ 706	$ 23,365	$ -	$ 4,459	$ -	$ -	$ -	$ -	$ 29,338	$ -	$ 133,195	$ -	$ -	$ -	28
Summary of All Companies																			
Current Tax	-			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	29
Deferred Tax	20,834,608			20,646,285	706	23,365	-	4,459	-	-	-	-	29,338	-	133,195	-	-	-	30
Total	$ 20,834,608			$20,646,285	$ 706	$ 23,365	$ -	$ 4,459	$ -	$ -	$ -	$ -	$ 29,338	$ -	$ 133,195	$ -	$ -	$ -	31
Summary of El Paso and Three Subsidiaries																			
Current Tax	$ -			$ -	$ -	$ -													32
Deferred Tax	20,668,296			20,646,285	706	23,365													33
Total	$ 20,668,296			$20,646,285	$ 706	$ 23,365													34

EL PASO NATURAL GAS COMPANY
DOCKET NO. G-13019

Supplementary Data Requested by
FPC Staff at Hearing on September 19, 1958

Cost of Service and Allocation of
Cost by Sales Zones - Year 1960

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Docket No. G-_____
Exhibit
Schedule No. 1
Sheet 1 of 1
Witness _____

EL PASO NATURAL GAS COMPANY AND FOUR SUBSIDIARY COMPANIES AFTER MERGER
Allocation of Cost of Service by Sales Zones
Year 1960

Description	MCF at 14.9 p.s.i.a. Peak Volume	MCF at 14.9 p.s.i.a. Annual Volume	Revenues at G-12948 Rates and G-13202 Rates Amount	Revenues at G-12948 Rates and G-13202 Rates Per MCF	Zoned Cost of Service Demand	Zoned Cost of Service Commodity	Zoned Cost of Service Total	Zoned Cost of Service Per MCF	Revenues Less Cost Amount	Revenues Less Cost Per MCF	Line No.
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	
JURISDICTIONAL												
Zone 1	16,730	3,680,153	$ 772,833	21.00¢	$ 368,287	$ 614,911	$ 983,198	26.72¢	$ (210,365)	(5.72)¢	1
Zone 2 - Texas	83,487	11,650,139	3,277,952	28.14	2,081,698	2,017,705	4,099,403	35.19	(821,451)	(7.05)	2
Zone 3 - New Mexico	41,509	10,680,080	3,148,125	29.48	1,273,935	1,958,789	3,232,724	30.27	(84,599)	(0.79)	3
Zone 4 - Arizona	382,587	86,621,217	26,032,672	30.05	14,726,945	17,280,837	32,007,782	36.95	(5,975,110)	(6.90)	4
Zone 5 - California											
California Sales - Excluding 470 M²CF Facilities	2,155,000	780,968,000	213,085,600	27.28	85,710,508	157,237,496	242,948,004	31.11	(29,862,404)	(3.82)	5
California Sales - Proposed 470 M²CF Facilities	235,000	76,885,795	29,518,318(A)	38.39	19,117,711	21,176,970	40,294,681	52.41	(10,776,363)	(14.02)	6
Total Zone 5 - California	2,390,000	857,853,795	$242,603,918	28.28¢	$104,828,219	$178,414,466	$283,242,685	33.02¢	(40,638,767)	(4.74)¢	7
Zone 6 - Northwest Division	488,470	129,773,522	44,280,242	34.12	24,433,834	28,161,363	52,595,197	40.53	(8,314,955)	(6.41)	8
Total Jurisdictional	3,402,783	1,100,258,906	$320,115,742	29.09¢	$147,712,918	$228,448,071	$376,160,289	34.19¢	(56,042,247)	(5.09)¢	9
NON-JURISDICTIONAL											
Zone 1 - Southern Union - Carlsbad	32,120	11,000,000	$ 1,679,700	15.27¢	$ 685,077	$ 1,815,903	$ 2,500,980	22.74¢	$ (821,280)	(7.47)¢	10
Zone 2 - Texas	88,374	23,324,978	5,722,806	24.54	2,203,552	4,039,687	6,243,239	26.77	(520,433)	(2.23)	11
Zone 3 - New Mexico	15,766	5,187,508	1,234,666	23.80	483,868	951,419	1,435,287	27.67	(200,621)	(3.87)	12
Zone 4 - Arizona	217,128	61,281,606	18,100,637	29.54	8,357,922	12,225,613	20,583,535	33.59	(2,482,898)	(4.05)	13
Zone 5 - California	100,000	33,306,000	10,564,663	31.72	3,977,286	6,705,719	10,683,005	32.08	(118,342)	(0.36)	14
Zone 6 - Northwest Division	50,279	16,270,379	6,020,000	37.00	2,515,013	3,530,736	6,045,749	37.16	(25,749)	(0.16)	15
Total Non-Jurisdictional	503,667	150,370,471	$ 43,322,472	28.81¢	$ 18,222,718	$ 29,269,077	$ 47,491,795	31.58¢	$ (4,169,323)	(2.77)¢	16
Total System	3,906,450	1,250,629,377	$363,438,214	29.06¢	$165,935,636	$257,717,148	$423,652,784	33.88¢	$(60,214,570)	(4.81)¢	17

Revenues from Proposed 470 M²CF Facilities in Docket No. G-16235.

Docket No. G-_____
Exhibit
Schedule No. 2
Sheet 1 of 1
Witness_____

EL PASO NATURAL GAS COMPANY AND FOUR SUBSIDIARY COMPANIES AFTER MERGER
Computation of Unit Demand and Commodity Cost Rates by Sales Zones
Year 1960

Line No.	Description (1)	MCF at 14.9 p.s.i.a. Peak Volume (2)	MCF at 14.9 p.s.i.a. Annual Volume (3)	Zoned Cost of Service Total (4)	Zoned Cost of Service Demand (5)	Zoned Cost of Service Commodity (6)	Unit Cost Demand Dollars (7)	Unit Cost Commodity Cents (8)	Cumulative Unit Cost Demand Dollars (9)	Cumulative Unit Cost Commodity Cents (10)	Line No.
	Production										
1	Production Cost and Unit Cost	3,906,450	1,250,629,377	$289,776,007	$ 83,319,438	$206,456,569	$21.3286841	16.5082136¢			1
2	Field Sales and Unit Cost	32,120	11,000,000						$21.3286841	16.5082136¢	2
3	Production Cost Transferred to Northwest Division	773,749	222,929,696	(53,304,758)	(16,503,048)	(36,801,710)			21.3286841	16.5082136	3
	Zone 1 - Transmission										
4	Transmission Cost and Unit Cost	3,100,581	1,016,699,681	4,163,375	2,123,456	2,039,919	0.6848575	0.2006413			4
5	Sales and Cumulative Unit Cost	16,730	3,680,153						22.0135416	16.7088549	5
	Zone 2 - Transmission										
6	Transmission & Underground Storage and Unit Cost	3,083,851	1,013,019,528	15,189,866	9,007,483	6,182,383	2.9208554	0.6102926			6
7	Sales and Cumulative Unit Cost	171,861	34,975,117						24.9343970	17.3191475	7
	Zone 3 - Transmission										
8	Transmission Cost and Unit Cost	2,911,990	978,044,411	26,752,033	16,761,924	9,990,109	5.7561750	1.0214372			8
9	Sales and Cumulative Unit Cost	57,275	15,867,588						30.6905720	18.3405847	9
	Zone 4 - Transmission										
10	Transmission Cost and Unit Cost	2,854,715	962,176,823	37,758,244	22,273,887	15,484,357	7.8024906	1.6093047			10
11	Sales and Cumulative Unit Cost	599,715	147,902,823						38.4930626	19.9498894	11
	Zone 5 - Transmission										
12	Transmission Cost and Unit Cost	2,255,000	814,274,000	4,382,390	2,885,938	1,496,452	1.2797951	0.1837775			12
13	Sales and Cumulative Unit Cost	2,255,000	814,274,000						39.7728577	20.1336669	13
	Zone 6 - Northwest Division										
14	Production Cost and Unit Cost - Line 3			53,304,758	16,503,048	36,801,710	21.3286841	16.5082136			14
15	Pacific Northwest Transmission Cost and Unit Cost	773,749	222,929,696	33,775,679	22,200,771	11,574,908	28.6924713	5.1921786			15
16	Sales and Cumulative Unit Cost - Pacific Northwest	538,749	146,043,901						50.0211554	21.7003922	16
17	Proposed 470 MMCF Facilities Transmission Cost and Unit Cost	235,000	76,885,795	11,855,190	7,362,739	4,492,451	$31.3308043	5.8430182¢			17
18	Sales and Cumulative Unit Cost to California	235,000	76,885,795						$81.3519597	27.5434104¢	18
19	Total Cost of Service			$423,652,784	$165,935,636	$257,717,148					19

(7303) Docket No. G-_____
Exhibit
Schedule No. 3
Sheet 1 of 1
Witness_____

EL PASO NATURAL GAS COMPANY AND FOUR SUBSIDIARY COMPANIES AFTER MERGER
Classification of Cost of Service Between Demand and Commodity
Calendar Year 1960

CONSOLIDATED SUBSIDIARIES:
1. El Paso Gas Transportation Corporation
2. Cia. Occidental de Gas, S.A. de Capital Variable
3. El Paso Natural Gas Building Company
4. West Lake Natural Gasoline Company

Line No.	(1)	El Paso Natural Gas Company and Four Subsidiaries (2)	Pacific Northwest Pipeline Corporation (3)	Proposed 470 M MCF Facilities (4)	Inter-Division Eliminations (5)	Consolidated Total (6)	Line No.
	Production						
1	Demand	$ 69,104,528	$13,344,653	$ 5,983,498	$ (5,113,241)	$ 83,319,438	1
2	Commodity	162,711,876	36,553,459	16,990,798	(9,799,564)	206,456,569	2
3	Total	$231,816,404	$49,898,112	$22,974,296	$(14,912,805)	$289,776,007	3
	Underground Storage						
4	Demand	$ 235,394				$ 235,394	4
5	Commodity	207,352				207,352	5
6	Total	$ 442,746				$ 442,746	6
	Transmission						
	Zone 1						
7	Demand	$ 2,123,456				$ 2,123,456	7
8	Commodity	2,039,919				2,039,919	8
9	Total	$ 4,163,375				$ 4,163,375	9
	Zone 2						
10	Demand	$ 8,772,089				$ 8,772,089	10
11	Commodity	5,975,031				5,975,031	11
12	Total	$ 14,747,120				$ 14,747,120	12
	Zone 3						
13	Demand	$ 16,761,924				$ 16,761,924	13
14	Commodity	9,990,109				9,990,109	14
15	Total	$ 26,752,033				$ 26,752,033	15
	Zone 4						
16	Demand	$ 22,273,887				$ 22,273,887	16
17	Commodity	15,484,357				15,484,357	17
18	Total	$ 37,758,244				$ 37,758,244	18
	Zone 5						
19	Demand	$ 2,885,938				$ 2,885,938	19
20	Commodity	1,496,452				1,496,452	20
21	Total	$ 4,382,390				$ 4,382,390	21
	Zone 6 (Northwest Division)						
22	Demand		$20,245,930	$ 7,362,739	$ 1,954,841	$ 29,563,510	22
23	Commodity		10,555,702	4,492,451	1,019,206	16,067,359	23
24	Total		$30,801,632	$11,855,190	$ 2,974,047	$ 45,630,869	24
25	**Total Cost of Service**	$320,062,312	$80,699,744	$34,829,486	($11,938,758)	$423,652,784	25

		Total	Demand	Commodity	
26	Inter-Division Sale by Pacific Northwest Pipeline Corporation to El Paso Natural Gas Company - Sumas	$ 3,136,047	$2,061,324	$1,074,723	26
27	Less: Transportation Revenues	162,000	106,483	55,517	27
28	Total Elimination - Transmission	$ 2,974,047	$1,954,841	$1,019,206	28
29	Inter-Division Elimination of Pacific Northwest Sales to El Paso at Green River	11,938,758	3,158,400	8,780,358	29
30	Total Elimination - Production	$14,912,805	$5,113,241	$9,799,564	30

Docket No. [illegible]
Exhibit
Schedule No. 4
Sheet 1 of 1
Witness

EL PASO NATURAL GAS COMPANY AND FOUR SUBSIDIARY COMPANIES AFTER MERGER
Cost of Service
Year 1960

CONSOLIDATED SUBSIDIARIES:
El Paso Gas Transportation Corporation
Cia. Occidental de Gas, S.A. de Capital Variable
El Paso Natural Gas Building Company
West Lake Natural Gasoline Company

Line No.	(1)	Production (2)	Underground Storage (3)	Transmission Total (4)	Transmission Zone 1 (5)	Transmission Zone 2 (6)	Transmission Zone 3 (7)	Transmission Zone 4 (8)	Transmission Zone 5 (9)	Transmission Zone 6 (10)	Total Excluding 470 M^CF Facilities (11)	Transmission Cost Proposed 470 M^CF Facilities (12)	Total Company (13)	Line No.
	Production													
1	Gas Purchased for Resale	$151,846,935									$151,846,935		$151,846,935	1
2	Producing, Processing and Gathering	41,810,332									41,810,332		41,810,332	2
3	Exploration and Development	5,679,900									5,679,900		5,679,900	3
4	Products Extraction Expense	20,843,416									20,843,416		20,843,416	4
5	Total Production	$220,180,583									$220,180,583		$220,180,583	5
6	Underground Storage		$ 167,308								167,308		167,308	6
7	Transmission			$ 23,688,548	$ 2,472,635	$ 4,694,744	$ 4,214,471	$ 8,320,096	$ 597,584	$ 3,389,018	23,688,548	$ 3,361,812	27,050,360	7
8	Sales Promotion			339,679		339,679					339,679		339,679	8
9	Administrative and General	8,625,421	17,847	7,182,784	291,643	916,566	1,258,761	1,853,710	246,267	2,645,837	15,826,052	21,397	15,847,449	9
10	Total Operating Expenses	$228,806,004	$ 185,155	$ 31,211,011	$ 2,764,278	$ 5,950,989	$ 5,473,232	$10,173,806	$ 813,851	$ 6,034,855	$260,202,170	$ 3,383,209	$263,585,379	10
11	Depreciation and Amortization	22,724,854	44,649	25,080,868	1,239,059	2,748,994	5,828,497	7,623,969	1,075,427	6,564,922	47,850,371	1,807,740	49,658,111	11
12	Depletion	7,932,609									7,932,609		7,932,609	12
13	Other Taxes	8,427,746	20,120	7,588,485	328,961	768,884	1,691,692	2,667,026	280,573	1,851,349	16,036,351	1,085,659	17,122,010	13
14	Federal Income Tax	26,085,570	71,898	22,947,304	962,639	2,013,153	5,176,680	6,510,793	834,819	7,449,220	49,104,772	2,093,040	51,197,812	14
15	Return at 6-1/2%	43,192,967	120,924	37,700,589	1,603,687	3,354,297	8,626,665	10,848,215	1,392,392	11,875,333	81,014,480	3,489,142	84,503,622	15
16	Sub Total	$337,169,750	$ 442,746	$124,528,257	$ 6,898,624	$14,836,317	$26,796,766	$37,823,809	$ 4,397,062	$33,775,679	$462,140,753	$ 11,858,790	$473,999,543	16
	Revenues Deducted from Cost of Service													
17	Field Sales and Exchanges	$ (8,362,519)									$ (8,362,519)		$ (8,362,519)	17
18	Sales of Products Extracted from Natural Gas	(33,288,336)									(33,288,336)		(33,288,336)	18
19	Other Gas Revenues	(5,742,888)		$ (238,178)	$ (24,011)	$ (89,197)	$ (44,733)	$ (65,565)	$ (14,672)		(5,981,066)	$ (3,600)	(5,984,666)	19
20	Northern Natural Gas Company - Transportation			(2,711,238)	(2,711,238)						(2,711,238)		(2,711,238)	20
21	Total Revenues Deducted from Cost of Service	$(47,393,743)		$ (2,949,416)	$(2,735,249)	$ (89,197)	$ (44,733)	$ (65,565)	$ (14,672)		$(50,343,159)	$ (3,600)	$(50,346,759)	21
22	Total Cost of Service	$289,776,007	$ 442,746	$121,578,841	$ 4,163,375	$14,747,120	$26,752,033	$37,758,244	$ 4,382,390	$33,775,679	$411,797,594	$ 11,855,190	$423,652,784	22

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(7305) 7305

Docket No. G-____
Exhibit
Schedule No. 5
Sheet 1 of 7
Witness____

EL PASO NATURAL GAS COMPANY AND FOUR SUBSIDIARY COMPANIES
Classification of Cost of Service
Production Excluding Processed 473 MCF Facilities
Calendar Year 1962

CONSOLIDATED SUBSIDIARIES:
1. El Paso Gas Transportation Corporation
2. Cia. Occidental de Gas, S. A. de Capital Variable
3. El Paso Natural Gas Building Company
4. West Lake Natural Gasoline Company

Line No.	Description — (1)	Per Cent Classified Demand (2)	Total (3)	Demand (4)	Commodity (5)
1	Gas Purchased for Resale	0	$114,387,168	$ -	$114,387,168
	Producing, Processing and Gathering Operation				
2	Supervision and Engineering	50	$ 702,188	$ 351,094	$ 351,094
	Labor				
3	Gas Wells	50	255,594	127,797	127,797
4	Field Lines	100	2,014,724	2,014,724	-
5	Measuring and Regulating Stations	100	737,719	737,719	-
6	Compressor Stations	50	2,704,507	1,352,254	1,352,253
7	Purification and Dehydration	50	1,448,293	724,147	724,146
	Supplies and Expenses				
8	Gas Wells	50	238,279	119,140	119,139
9	Field Lines	100	1,073,177	1,073,177	-
10	Measuring and Regulating Stations	100	399,587	399,587	-
11	Compressor - Fuel	0	1,674,730	-	1,674,730
12	Compressor - Other	0	1,358,169	-	1,358,169
13	Purification and Dehydration - Gas Lost	0	2,682,871	-	2,682,871
14	Purification and Dehydration - Other	0	1,364,006	-	1,364,006
15	Production Maps and Records	100	1,868,743	1,868,743	-
16	Total Operation		$ 18,322,287	$ 8,768,384	$ 9,724,202
	Maintenance				
17	Supervision and Engineering	50	$ 123,902	$ 61,951	$ 61,951
18	Gas Well Equipment	100	129,543	129,543	-
	Structures and Lines				
19	Field Lines	100	1,656,184	1,656,184	-
20	Compressor Station	100	246,820	246,820	-
21	Purification and Dehydration	100	115,694	115,694	-
	Equipment				
22	Measuring and Regulating Station	100	718,769	718,769	-
23	Compressor Station	50	1,918,641	999,321	959,320
24	Purification and Dehydration	0	1,498,581	-	1,498,581
25	Total Maintenance		$ 6,408,134	$ 3,888,282	$ 2,519,852
	Miscellaneous				
26	Gas Well Royalties	0	$ 13,686,512	$ -	$13,686,512
27	Compressor Stations - Joint Expenses	0	(223,648)	-	(223,648)
28	Natural Gas Rents	100	36,000	36,000	-
29	Purchase Gas Expense	50	402,875	201,438	201,437
30	Gas Well - Joint Expense	(A)	(107,540)	(64,524)	(43,016)
31	Joint Operations - Credit	(B)	(2,194,960)	(1,119,430)	(1,075,530)
32	Purchase Gas Calculation Expense	50	261,753	130,877	130,876
33	Other Gas Supplies and Expenses	50	648,000	324,000	324,000
34	Total Miscellaneous		$ 12,508,992	$ (491,639)	$13,000,631
35	Total Producing, Processing and Gathering		$ 37,439,713	$14,162,043	$25,276,685

(A) Classified in accordance with other gas well expenses exclusive of royalties.
(B) Classified in accordance with total operation and maintenance expense.

(7306) 7306

Docket No. G-
Exhibit
Schedule No. 9
Sheet 2 of 7
Witness

EL PASO NATURAL GAS COMPANY AND FOUR SUBSIDIARY COMPANIES
Classification of Cost of Service
Projection Excluding Proposed 470 MMcf Facilities
Calendar Year 1980

CONSOLIDATED SUBSIDIARIES:
1. El Paso Gas Transportation Corporation
2. Cia. Occidental de Gas, S. A. de Capital Variable
3. El Paso Natural Gas Building Company
4. West Lake Natural Gasoline Company

Line No.	Description (1)	Per Cent Classified Demand (2)	Total (3)	Demand (4)	Commodity (5)
	Products Extraction Expenses				
	Operation				
1	Supervision and Engineering	50	$ 166,895	$ 83,448	$ 83,447
2	Labor	50	1,973,459	986,730	986,729
3	Gas Shrinkage	0	1,070,806	-	1,070,806
4	Other Supplies and Expenses	0	909,699	-	909,699
5	Total Operation		$ 4,120,859	$ 1,070,178	$ 3,050,681
	Maintenance				
6	Supervision and Engineering	50	$ 30,698	$ 15,349	$ 15,349
7	Structures	100	160,860	160,860	-
8	Equipment	0	881,371	-	881,371
9	Total Maintenance		$ 1,072,929	$ 176,209	$ 896,720
	Miscellaneous				
10	Payment for Products	0	$ 12,444,769	$ -	$ 12,444,769
11	Selling Expenses	100	2,564,235	2,564,235	-
12	Rents	100	54,449	54,449	-
13	Butane and Propane Used by Company	0	(13,787)	-	(13,787)
14	Gasoline Plant - Joint Expense	(A)	10,719	5,159	5,558
15	Total Miscellaneous		$ 15,060,383	$ 2,624,043	$ 12,436,340
16	Total Products Extraction Expenses		$ 20,254,171	$ 3,870,430	$ 16,383,741
17	Exploration and Development	0	$ 5,200,000	$ -	$ 5,200,000
18	Administrative and General	62	7,482,832	4,639,356	2,843,476
19	Depreciation and Amortization	100	19,825,469	19,825,469	-
20	Depletion	0	7,308,824	-	7,308,824
21	Property and Franchise Taxes	100	5,597,338	5,597,338	-
22	Production Tax	0	1,165,093	-	1,165,093
23	Payroll and Sundry Taxes	50	627,219	313,609	313,610
24	Federal Income Tax	50	22,280,492	11,140,246	11,140,246
25	Return @ 6-1/2%	50	37,127,092	18,563,546	18,563,546
26	Field and Local Sales	0	(8,697,983)	-	(8,697,983)
27	Other Gas Revenues	Sheet 5	(5,774,688)	(817,686)	(4,957,002)
28	Revenues from Extracted Products	(B)	(32,406,096)	(6,192,805)	(26,213,291)
29	Total Cost of Production		$231,816,404	$69,104,528	$162,711,876

(A) Classified in accordance with other products extraction expenses exclusive of payment for products.
(B) Classified in accordance with products extraction expenses. (19.11% Demand and 80.89% Commodity)

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(7307) 7307

Docket No. G-____
Exhibit
Schedule No. 5
Sheet 3 of 7
Witness_____

EL PASO NATURAL GAS COMPANY AND FOUR SUBSIDIARY COMPANIES
Classification of Cost of Service
Underground Storage Excluding Proposed 420 MCF Facilities
Calendar Year 1960

CONSOLIDATED SUBSIDIARIES:

1. El Paso Gas Transportation Corporation
2. Cia. Occidental de Gas, S. A. de Capital Variable
3. El Paso Natural Gas Building Company
4. West Lake Natural Gasoline Company

Line No.	Description (1)	Per Cent Classified Demand (2)	Total (3)	Demand (4)	Commodity (5)
1	Operation.....	50	$ 67,223	$ 33,612	$ 33,611
2	Maintenance.....	100	29,868	29,868	-
3	Miscellaneous.....	0	70,217	-	70,217
4	Total Operating Expenses		$167,308	$ 63,480	$103,828
5	Administrative and General.....	62	$ 17,847	$ 11,065	$ 6,782
6	Depreciation and Amortization.....	100	44,649	44,649	-
7	Property and Franchise Taxes.....	100	19,458	19,458	-
8	Payroll and Sundry Taxes.....	50	662	331	331
9	Federal Income Tax.....	50	71,898	35,949	35,949
10	Return @ 6-1/2%.....	50	120,924	60,462	60,462
11	Total Underground Storage Cost		$442,746	$235,394	$207,352

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Docket No. 3-___
Exhibit
Schedule No. 9
Sheet . of 7
Witness _____

EL PASO NATURAL GAS COMPANY AND ITS WHOLLY-OWNED SUBSIDIARIES
Classification of Costs of Service - Transportation
Statement Showing Cost of Service
Calendar Year 1956

CONSOLIDATED SUBSIDIARIES:
Paso Gas Transportation Corporation
a. Occidental de Gas, S. A. de Capital Variable
Paso Natural Gas Building Company
ni Lobo Natural Gasoline Company

Description (1)	Per Cent Classified Demand (2)	Zone 1 Total (3)	Zone 1 Demand (4)	Zone 1 Commodity (5)	Zone 2 Total (6)	Zone 2 Demand (7)	Zone 2 Commodity (8)	Zone 3 Total (9)	Zone 3 Demand (10)	Zone 3 Commodity (11)	Zone 4 Total (12)	Zone 4 Demand (13)	Zone 4 Commodity (14)	Zone 5 Total (15)	Zone 5 Demand (16)	Zone 5 Commodity (17)	Zone 6 (18)
Transmission Operation																	
Supervision and Engineering	50	$ 31,245	$ 15,623	$ 15,622	$ 131,330	$ 75,665	$ 75,665	$ 134,268	$ 77,134	$ 77,134	$ 232,197	$ 116,099	$ 116,098	$ 24,8[illegible]	$ 12,419	$ 12,416	$ 981,8[illegible]
Compressor Station Labor	50	190,056	99,028	99,028	1,867,494	533,747	533,747	1,048,822	524,411	524,411	1,699,352	749,676	749,676	123,977	62,988	62,989	3,931,8[illegible]
Compressor Fuel	0	303,013	-	303,013	1,512,112	-	1,512,112	1,317,118	-	1,317,118	1,626,723	-	1,626,723	199,868	-	199,868	[illegible]
Compressor Supplies and Expenses	0	91,658	-	91,658	280,899	-	280,899	299,733	-	299,733	2,698,347	-	2,698,347	31,837	-	31,837	[illegible]
Other Operation	100	189,328	189,328	-	488,632	488,632	-	388,329	388,329	-	783,484	783,484	-	133,147	133,147	-	[illegible]
Total Operation		$ 805,300	$ 299,979	$ 505,321	$ 4,310,415	$1,098,032	$3,412,383	$ 3,388,270	$ 990,074	$2,398,396	$ 6,842,173	$ 1,649,259	$ 5,191,914	$ 473,837	$ 207,341	$ 306,297	[illegible]
Transmission Maintenance																	
Supervision and Engineering	50	$ 5,965	$ 2,983	$ 2,982	$ 23,262	$ 11,631	$ 11,631	$ 25,628	$ 12,814	$ 12,814	$ 37,980	$ 18,990	$ 18,990	$ 2,413	$ 1,207	$ 1,206	$ 95,[illegible]
Compressor Station Equipment	50	139,768	69,884	69,884	618,268	309,134	309,134	521,758	260,879	260,879	784,887	392,443	392,443	93,375	46,938	46,937	4,[illegible]
Other Maintenance	100	160,729	160,729	-	338,126	338,126	-	439,281	439,281	-	651,038	651,038	-	87,437	87,437	-	[illegible]
Total Maintenance		$ 306,462	$ 233,596	$ 72,866	$ 1,179,656	$ 658,889	$ 320,765	$ 1,036,667	$ 732,774	$ 273,693	$ 1,472,843	$ 1,061,452	$ 411,393	$ 183,225	$ 135,582	$ 47,643	[illegible]
Miscellaneous																	
Rents	100	$ 2,098	$ 2,098	$ -	$ 4,675	$ 4,675	$ -	$ 5,334	$ 5,334	$ -	$ 8,538	$ 8,538	$ -	$ 1,333	$ 1,333	$ -	$ 42,[illegible]
Transmission and Compression of Gas by Others	0	1,358,775	-	1,358,775	-	-	-	-	-	-	-	-	-	-	-	-	1,358,775
Joint Expenses	100	-	-	-	-	-	-	-	-	-	(3,251)	(3,251)	-	-	-	-	[illegible]
Total Miscellaneous		$1,360,873	$ 2,098	$1,358,775	$ 4,675	$ 4,675	$ -	$ 5,334	$ 5,334	$ -	$ 5,287	$ 5,287	$ -	$ 1,333	$ 1,333	$ -	[illegible]
Local Storage																	
Operation	100	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,191	$ 1,191	$ -	$ -	$ -	$ -	$ 1,191
Maintenance	100	-	-	-	-	-	-	-	-	-	304	304	-	-	-	-	304
Total Local Storage		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,495	$ 1,495	$ -	$ -	$ -	$ -	[illegible]
Total Above		$2,472,635	$ 535,673	$1,936,962	$ 5,494,746	$1,761,596	$3,733,148	$ 4,430,271	$ 1,728,182	$2,672,089	$ 8,320,798	$ 2,717,677	$ 5,603,249	$ 657,395	$ 343,256	$ 313,940	[illegible]
Sales Promotion	50	$ -	$ -	$ -	$ 339,679	$ 169,840	$ 169,839	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 339,67[illegible]
Administrative and General	62	291,643	180,819	110,824	916,566	568,271	348,295	1,258,781	780,432	478,349	1,893,710	1,149,300	704,410	218,267	134,086	82,181	4,536,947
Depreciation and Amortization	100	1,239,099	1,239,099	-	2,748,994	2,748,994	-	3,828,497	3,828,497	-	7,623,989	7,623,989	-	1,375,427	1,375,427	-	18,215,9[illegible]
Property and Franchise Taxes	100	308,233	308,233	-	688,837	688,837	-	1,448,095	1,448,095	-	1,898,895	1,898,895	-	266,921	266,921	-	[illegible]
Arizona Gas Sales Tax	0	-	-	-	-	-	-	-	-	-	227,917	-	227,917	-	-	-	227,9[illegible]
Payroll and Sundry Tax	50	20,728	10,364	10,364	80,047	40,023	40,024	84,644	42,322	42,322	127,827	63,913	63,914	13,652	6,826	6,826	326,894
State Income Tax	50	-	-	-	-	-	-	158,993	79,496	79,497	412,397	206,193	206,194	-	-	-	57,[illegible]
Federal Income Tax	50	962,639	481,320	481,319	2,013,193	1,006,976	1,006,977	3,176,680	2,588,340	2,588,340	6,510,793	3,255,397	3,255,396	834,819	417,409	417,410	19,498,[illegible]
Return at 6-1/2%	50	1,683,687	801,843	801,844	3,354,297	1,677,149	1,677,148	8,626,665	4,313,333	4,313,332	10,848,216	5,424,108	5,424,108	1,782,782	696,196	696,196	25,825,[illegible]
Other Gas Revenues	100	(24,011)	(24,011)	-	(89,197)	(89,197)	-	(44,733)	(44,733)	-	(65,365)	(65,365)	-	(14,672)	(14,672)	-	(238,178)
Northern Natural Gas Company - Transportation	(A)	(2,731,238)	(1,409,844)	(1,321,394)	-	-	-	-	-	-	-	-	-	-	-	-	[illegible]
Total		$4,161,775	$2,121,496	$2,039,919	$14,747,120	$8,773,089	$5,973,031	$18,751,031	$10,761,934	$7,989,109	$37,796,244	$23,273,887	$14,484,337	$4,351,750	$2,883,338	$1,468,452	[illegible]

Classified in accordance with cost of service before revenue credit (52% Demand, 48% Commodity).

(7308) 7308

Docket No. G-_____
Exhibit
Schedule No. 5
Sheet 5 of 7
Witness_____

[redacted]
Classification of Cost of Service - Other Gas
[redacted]
[redacted]

[redacted]:
1. El Paso Gas Transportation Corporation
2. (in. Occidental de Gas, S.A. de Capital Variable
3. El Paso Natural Gas Building Company
4. [redacted]

Line No.	Description (1)	Per Cost Classified Record (2)	Total (3)	Demand (4)	Commodity (5)
	Producing, Processing and Gathering				
1	Rent from Gas Property	100	$ 503,079	$ 503,079	$ -
2	Revenue from Transportation of Gas of Others	0	319,992	-	319,992
3	Revenue from Natural Gas Processed by Others	0	2,777,010	-	2,777,010
4	Incidental Gasoline and Oil Sales	0	1,269,585	-	1,269,585
5	Revenue from Interest on Capital Advances for Gas Purchase Contracts	50	629,214	314,607	314,607
6	Miscellaneous Gas Revenues	0	276,008		276,008
7	Total Producing, Processing and Gathering		[redacted]	[redacted]	[redacted]
	Transmission				
	Rent from Gas Property				
8	Zone 1	100	$ 24,011	$ 24,011	$ -
9	Zone 2	100	89,197	89,197	-
10	Zone 3	100	44,733	44,733	-
11	Zone 4	100	65,565	65,565	-
12	Zone 5	100	14,672	14,672	-
13	Total Transmission		$ 238,178	$ 238,178	$ -
14	Total Other Gas Revenues		[redacted]	[redacted]	[redacted]

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(7310) 7310

Docket No. G-____
Exhibit
Schedule No. 5
Sheet 6 of 7
Witness_____

EL PASO NATURAL GAS COMPANY AND FOUR SUBSIDIARY COMPANIES
Classification of Cost of Service - Administrative and General Excluding Proposed 470 MMCF Facilities
Calendar Year 1960

CONSOLIDATED SUBSIDIARIES:

1. El Paso Gas Transportation Corporation
2. Cia. Occidental de Gas, S.A. de Capital Variable
3. El Paso Natural Gas Building Company
4. West Lake Natural Gasoline Company

Line No.	Description (1)	Per Cent Classified Demand (2)	Total (3)	Demand (4)	Commodity (5)
1	Salaries of General Officers and Executives	100	$ 628,613	$ 628,613	$ -
2	General Office Salaries and Expenses.....	50	5,890,378	2,945,189	2,945,189
3	Special Services and Regulatory Commission Expenses.....	50	663,000	331,500	331,500
4	Injuries and Damages.....	100	341,812	341,812	-
5	Employees' Welfare and Pensions.....	50	2,575,719	1,287,859	1,287,860
6	Insurance, Rents and Miscellaneous General...	100	1,938,104	1,938,104	-
7	Total Administrative & General Expenses		$12,037,626	$7,473,077	$4,564,549
8	Per Cent		100%	62%	38%

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Docket No. G-_____
Exhibit
Schedule No. 5
Sheet 7 of 7
Witness_____

EL PASO NATURAL GAS COMPANY
AND FOUR SUBSIDIARY COMPANIES
Classification of Cost of Service
470 MMCF Facilities Only
Calendar Year 1960

CONSOLIDATED SUBSIDIARIES:
1. El Paso Gas Transportation Corporation
2. Cia. Occidental de Gas, S.A. de Capital Variable
3. El Paso Natural Gas Building Company
4. West Lake Natural Gasoline Company

Line No.	Description (1)	Per Cent Classified Demand (2)	Total (3)	Demand (4)	Commodity (5)
1	Gas Purchased for Resale	(A)	$22,974,296	$ 5,981,498	$16,990,798
	Transmission				
	Operation				
2	Supervision and Engineering	50	$ 6,663	$ 3,332	$ 3,331
3	Compressor Labor	50	-	-	-
4	Compressor Fuel	0	-	-	-
5	Compressor Supplies and Expenses	0	-	-	-
6	Other Operating Expenses	100	34,116	34,116	-
7	Total Operation		$ 40,779	$ 37,448	$ 3,331
	Maintenance				
8	Supervision and Engineering	50	$ 1,489	$ 745	$ 744
9	Compressor Equipment	50	-	-	-
10	Other Maintenance	100	31,712	31,712	-
11	Total Maintenance		$ 33,201	$ 32,457	$ 744
	Miscellaneous				
12	Rents	100	$ 500	$ 500	$ -
13	Transmission and Compression by Others	(A)	1,287,332	1,606,147	1,681,185
14	Total Miscellaneous		$ 1,287,832	$ 1,606,647	$ 1,681,185
15	Total Transmission		$ 1,361,812	$ 1,676,552	$ 1,685,260
16	Administrative and General	62	$ 21,397	$ 13,266	$ 8,131
17	Depreciation	100	1,807,740	1,807,740	-
18	Property and Franchise Taxes	100	1,069,720	1,069,720	-
19	Payroll and Sundry Taxes	50	15,939	7,970	7,969
20	Return at 6.5%	50	3,489,142	1,744,571	1,744,571
21	Federal Income Tax	50	2,093,040	1,046,520	1,046,520
22	Other Gas Revenues	100	(1,600)	(1,600)	-
23	Total Cost of Service		$34,829,486	$13,346,237	$21,483,249

(A) Classified in Accordance with Demand and Commodity Charge of Supplier.

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Docket No. G-____
Exhibit
Schedule No. 6
Sheet 1 of 1
Witness_____

EL PASO NATURAL GAS COMPANY AND FOUR SUBSIDIARY COMPANIES
Cost of Service
Calendar Year 1960

SUBSIDIARY COMPANIES:

El Paso Gas Transportation Corporation
Cia. Occidental de Gas, S. A. de Capital Variable
El Paso Natural Gas Building Company
West Lake Natural Gasoline Company

Description (1)	Production (2)	Underground Storage (3)	Transmission Zone 1 (4)	Transmission Zone 2 (5)	Transmission Zone 3 (6)	Transmission Zone 4 (7)	Transmission Zone 5 (8)	Transmission Total (9)	Total Excluding 470 M²CF Facilities (10)	Proposed 470 M²CF Facilities (11)	Total (12)	Line No.
Production												
Gas Purchased for Resale	$114,387,168								$114,387,168	$22,974,296	$137,361,464	1
Producing, Processing and Gathering	37,439,713								37,439,713	-	37,439,713	2
Exploration and Development	5,200,000								5,200,000	-	5,200,000	3
Products Extraction Expenses	20,254,171								20,254,171	-	20,254,171	4
Underground Storage		$167,308							167,308	-	167,308	5
Total Production	$177,281,052	$167,308							$177,448,360	$22,974,296	$200,422,656	6
Transmission			$ 2,472,635	$ 4,694,744	$ 4,214,471	$ 8,320,096	$ 597,584	$20,299,530	$ 20,299,530	$ 3,361,812	$ 23,661,342	7
Total Operating Expenses (Functional)	$177,281,052	$167,308	$ 2,472,635	$ 4,694,744	$ 4,214,471	$ 8,320,096	$ 597,584	$20,299,530	$197,747,890	$26,336,108	$224,083,998	8
Sales Promotion				339,679				339,679	339,679	-	339,679	9
Administrative and General	7,482,832	17,847	291,643	916,566	1,258,761	1,853,710	216,267	4,536,947	12,037,626	21,347	12,058,973	10
Total Operating Expenses	$184,763,884	$185,155	$ 2,764,278	$ 5,950,989	$ 5,473,232	$10,173,806	$ 813,851	$25,176,156	$210,125,195	$26,357,505	$236,482,700	11
Depreciation and Amortization	$ 19,825,469	$ 44,649	$ 1,239,059	$ 2,748,994	$ 5,828,497	$ 7,623,969	$1,075,427	$18,515,946	$ 38,386,064	$ 1,807,740	$ 40,193,804	12
Depletion	7,308,824								7,308,824	-	7,308,824	13
Other Taxes	7,389,610	20,120	328,961	768,884	1,691,692	2,667,026	280,573	5,737,136	13,146,866	1,085,659	14,232,525	14
Federal Income Tax	22,280,492	71,898	962,639	2,013,153	5,176,680	6,510,793	834,819	15,498,084	37,850,474	2,093,040	39,943,514	15
Return at 6 1/2%	37,127,092	120,924	1,603,687	3,354,297	8,626,665	10,848,215	1,392,392	25,825,256	63,073,272	3,489,142	66,562,414	16
Sub Total	$278,695,371	$442,746	$ 6,898,624	$14,836,317	$26,796,766	$37,823,809	$4,397,062	$90,752,578	$369,890,695	$34,833,086	$404,723,781	17
Revenue Deducted from Cost of Service												
Field Sales and Exchanges	$ (8,697,983)								$ (8,697,983)	$ -	$ (8,697,983)	18
Sales of Products Extracted from Natural Gas	(32,406,096)								(32,406,096)	-	(32,406,096)	19
Other Gas Revenues	(5,774,888)		$ (24,011)	$ (89,197)	$ (44,733)	$ (65,565)	$ (14,672)	$ (238,178)	(6,013,066)	(3,600)	(6,016,666)	20
Northern Natural Gas Co. - Transportation			(2,711,238)					(2,711,238)	(2,711,238)	-	(2,711,238)	21
Total Revenue Deducted from Cost of Service	$(46,878,967)	$ -	$(2,735,249)	$ (89,197)	$ (44,733)	$ (65,565)	$ (14,672)	$(2,949,416)	$(49,828,383)	$ (3,600)	$(49,831,983)	22
Total Cost of Service	$231,816,404	$442,746	$ 4,163,375	$14,747,120	$26,752,033	$37,758,244	$4,382,390	$87,803,162	$320,062,312	$34,829,486	$354,891,798	23

I-2

Docket No. [illegible]
Exhibit [illegible]
Witness [illegible]

EL PASO NATURAL GAS COMPANY AND FOUR SUBSIDIARY COMPANIES
Rate Base, Return and Federal Income Taxes by Zones
Calendar Year 1960

CONSOLIDATED SUBSIDIARIES:

1. El Paso Gas Transportation Corporation
2. Cia. Occidental de Gas, S.A. de Capital Variable
3. El Paso Natural Gas Building Company
4. West Lake Natural Gasoline Company

Line No.	Description (1)	Production (2)	Underground Storage (3)	Zone 1 (4)	Zone 2 (5)	Zone 3 (6)	Zone 4 (7)	Zone 5 (8)	Total (9)	Total Excluding 470 MCF Facilities (10)	Proposed 470 MCF Facilities (11)	Total (12)	Line No.
	Gas Plant												
1	Gas Producing, Gathering & Processing Plant...	$618,217,711	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 618,217,711	$ -	$ 618,217,711	1
2	Gas Plant Held for Future Use.....	18,684,310	-	-	-	-	-	-	-	18,684,310	-	18,684,310	2
3	Underground Storage Plant.....	-	2,140,839	-	-	-	-	-	-	2,140,839	-	2,140,839	3
4	Transmission and Distribution Plant.....	-	-	33,893,520	74,761,963	159,634,862	208,584,182	29,482,783	506,357,310	506,357,310	52,882,000	559,239,310	4
5	Intangible Plant.....	267,783	646	10,425	32,784	45,061	66,343	7,754	162,367	430,796	-	430,796	5
6	General Plant.....	12,621,212	30,461	491,444	1,545,410	2,124,176	3,127,373	365,537	7,653,940	20,307,613	939,000	21,246,613	6
7	Total Gas Plant	$649,791,016	$2,171,946	$34,395,389	$76,340,157	$161,804,099	$211,777,898	$29,856,074	$514,173,617	$1,166,138,579	$53,821,000	$1,219,959,579	7
	Reserves for Depreciation												
8	Gathering and Processing Plant.....	$ 89,248,660	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 89,248,660	$ -	$ 89,248,660	8
9	Underground Storage Plant.....	-	372,898	-	-	-	-	-	-	372,898	-	372,898	9
10	Transmission and Distribution Plant.....	-	-	10,461,685	26,179,514	33,282,775	50,025,511	9,143,434	129,093,099	129,093,099	890,699	129,983,798	10
11	General Plant.....	4,880,489	11,777	190,006	597,499	821,447	1,209,130	141,327	2,959,229	7,851,495	13,171	7,864,666	11
12	Total Reserve for Depreciation	$ 94,129,149	$ 384,675	$10,651,691	$26,777,013	$ 34,104,222	$ 51,234,641	$ 9,284,761	$132,052,328	$ 226,566,152	$ 903,870	$ 227,470,022	12
13	Reserve for Amortization.....	$ 93,957	$ 227	$ 3,658	$ 11,503	$ 15,810	$ 23,277	$ 2,721	$ 56,969	$ 151,153	$ -	$ 151,153	13
14	Reserve for Depletion.....	28,289,044	-	-	-	-	-	-	-	28,289,044	-	28,289,044	14
15	Total Plant Reserves	$122,512,150	$ 384,902	$10,655,349	$26,788,516	$ 34,120,032	$ 51,257,918	$ 9,287,482	$132,109,297	$ 255,006,349	$ 903,870	$ 255,910,219	15
16	Net Plant.....	$527,280,866	$1,787,044	$23,740,040	$49,551,641	$127,684,067	$160,519,980	$20,568,592	$382,064,320	$ 911,132,230	$52,917,130	$ 964,049,360	16
	Other Investments												
17	Capital Advances for Gas Purchase Contracts...	$ 21,233,500	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 21,233,500	$ -	$ 21,233,500	17
18	Contributions in Aid of Construction - Credit.	(41,817)	-	(48,095)	-	(245,112)	(261,668)	-	(554,875)	(596,692)	-	(596,692)	18
19	Total Other Investments	$ 21,191,683	$ -	$ (48,095)	$ -	$ (245,112)	$ (261,668)	$ -	$ (554,875)	$ 20,636,808	$ -	$ 20,636,808	19
20	Net Investment.....	$548,472,549	$1,787,044	$23,691,945	$49,551,641	$127,438,955	$160,258,312	$20,568,592	$381,509,445	$ 931,769,038	$52,917,130	$ 984,686,168	20
21	Per Cent.....	58.86%	.19%	2.54%	5.32%	13.68%	17.20%	2.21%	40.95%	100.00%			21
22	Working Capital.....	$ 22,713,477	$ 73,319	$ 980,160	$ 2,052,934	$ 5,278,973	$ 6,637,306	$ 852,817	$ 15,802,190	$ 38,588,986	$ 761,985	$ 39,350,971	22
23	Rate Base.....	$571,186,026	$1,860,363	$24,672,105	$51,604,575	$132,717,928	$166,895,618	$21,421,409	$397,311,635	$ 970,358,024	$53,679,115	$1,024,037,139	23
24	Return at 6-1/2%.....	$ 37,127,092	$ 120,924	$ 1,603,687	$ 3,354,297	$ 8,626,665	$ 10,848,215	$ 1,392,392	$ 25,825,256	$ 63,073,272	$ 3,489,142	$ 66,562,414	24
25	Per Cent.....	55.78%	.18%	2.41%	5.04%	12.96%	16.30%	2.09%	38.80%	94.76%	5.24%		25
26	Federal Income Taxes.....	$ 22,280,492	$ 71,898	$ 962,639	$ 2,013,153	$ 5,176,680	$ 6,510,793	$ 834,819	$ 15,498,084	$ 37,850,474	$ 2,093,040	$ 39,943,514	26

(7814)

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Docket No. G-___
Exhibit
Schedule No. 8
Sheet 1 of 1
Witness_____

EL PASO NATURAL GAS COMPANY AND FOUR SUBSIDIARY COMPANIES
Average Gas Plant and Reserves for Depreciation, Amortization and Depletion
Calendar Year 1960

CONSOLIDATED SUBSIDIARIES:

1. El Paso Gas Transportation Corporation
2. Cia. Occidental de Gas, S. A. de Capital Variable
3. El Paso Natural Gas Building Company
4. West Lake Natural Gasoline Company

Line No.	Description (1)	Gas Plant January 1, 1960 (2)	Gas Plant December 31, 1960 (3)	Gas Plant Average (4)	Reserves for Depreciation, Amortization and Depletion January 1, 1960 (5)	Reserves for Depreciation, Amortization and Depletion December 31, 1960 (6)	Reserves for Depreciation, Amortization and Depletion Average (7)	Line No.
1	Intangible Plant	$ 430,796	$ 430,796	$ 430,796	$ 143,713	$ 158,593	$ 151,153	1
2	Producing, Processing and Gathering	$607,355,313	$629,080,109	$618,217,711	$104,213,767	$130,861,640	$117,537,704	2
3	Underground Storage Plant	$ 2,140,839	$ 2,140,839	$ 2,140,839	$ 351,160	$ 394,636	$ 372,898	3
	Transmission and Distribution Plant							
4	Zone 1	$ 33,893,520	$ 33,893,520	$ 33,893,520	$ 9,851,624	$ 11,071,746	$ 10,461,685	4
5	Zone 2	74,761,963	74,761,963	74,761,963	24,834,792	27,524,235	26,179,514	5
6	Zone 3	159,634,862	159,634,862	159,634,862	30,409,633	36,156,277	33,282,955	6
7	Zone 4	208,584,182	208,584,182	208,584,182	46,273,781	53,777,241	50,025,511	7
8	Zone 5	29,482,783	29,482,783	29,482,783	8,612,764	9,674,105	9,143,434	8
9	Total Transmission and Distribution Plant	$506,357,310	$506,357,310	$506,357,310	$119,982,594	$138,203,604	$129,093,099	9
10	General Plant	20,307,613	20,307,613	20,307,613	7,092,671	8,610,320	7,851,495	10
11	Total Exclusive of Proposed 470 M²CF Facilities	$1,136,591,871	$1,158,316,667	$1,147,454,269	$231,783,905	$278,228,793	$255,006,349	11
	Proposed 470 M²CF Facilities							
12	Transmission and Distribution Plant	$ 52,882,000	$ 52,882,000	$ 52,882,000	$ -	$ 1,781,398	$ 890,699	12
13	General Plant	939,000	939,000	939,000	-	26,342	13,171	13
14	Total Proposed 470 M²CF Facilities	$ 53,821,000	$ 53,821,000	$ 53,821,000	$ -	$ 1,807,740	$ 903,870	14
15	Total Gas Plant in Service	$1,190,412,871	$1,212,137,667	$1,201,275,269	$231,783,905	$280,036,533	$255,910,219	15
16	Plant Held for Future Use	$ 18,841,010	$ 18,527,610	$ 18,684,310	$ -	$ -	$ -	16

Docket No. G-_____
Exhibit
Schedule No. 9
Sheet 1 of 1
Witness_____

EL PASO NATURAL GAS COMPANY AND FOUR SUBSIDIARY COMPANIES
Working Capital Allowance
Calendar Year 1960

CONSOLIDATED SUBSIDIARIES:

El Paso Gas Transportation Corporation
Cia. Occidental de Gas, S. A. de Capital Variable
El Paso Natural Gas Building Company
West Lake Natural Gasoline Company

Line No.	Description (1)	Excluding 470 M²CF Facilities (2)	Proposed 470 M²CF Facilities (3)	Total (4)	Line No.
	Cash Operating Expenses				
1	Processing and Gathering	$37,439,713	$ -	$37,439,713	1
2	Exploration and Development	5,200,000	-	5,200,000	2
3	Underground Storage	167,308	-	167,308	3
4	Products Extraction	20,254,171	-	20,254,171	4
5	Transmission	20,299,530	3,361,812	23,661,342	5
6	Sales Promotion	339,679	-	339,679	6
7	Administrative and General	12,037,626	21,397	12,059,023	7
8	Total	$97,738,027	$3,383,209	$99,121,236	8
	Deduct:				
9	Gas Well Royalties	$13,686,512	$ -	$13,686,512	9
10	Gas Used in Company Operations	10,967,618	-	10,967,618	10
11	Transmission Charge by Others	1,358,775	3,287,332	4,646,107	11
12	Depreciation Charged through Clearing Accounts	750,000	-	750,000	12
13	Total Deductions	$26,762,905	$3,287,332	$30,050,237	13
14	Remainder - Cash Operating Expenses	$68,975,122	$ 95,877	$69,070,999	14
	Working Capital				
15	Cash Operating Expenses at 12.5%	$ 8,621,890	$ 11,985	$ 8,633,875	15
16	Materials and Supplies	26,484,733	750,000	27,234,733	16
17	Gas Stored Underground	427,804	-	427,804	17
18	Prepayments	3,054,559	-	3,054,559	18
19	Total Working Capital	$38,588,986	$ 761,985	$39,350,971	19

Docket No. G-____
Exhibit
Schedule No. 10
Sheet 1 of 1
Witness_____

EL PASO NATURAL GAS COMPANY AND FOUR SUBSIDIARY COMPANIES
Depreciation, Amortization and Depletion Expenses by Zones
Calendar Year 1960

CONSOLIDATED SUBSIDIARIES:

1. El Paso Gas Transportation Corporation
2. Cia. Occidental de Gas, S. A. de Capital Variable
3. El Paso Natural Gas Building Company
4. West Lake Natural Gasoline Company

Line No.	Description (1)	Production (2)	Underground Storage (3)	Transmission Zone 1 (4)	Transmission Zone 2 (5)	Transmission Zone 3 (6)	Transmission Zone 4 (7)	Transmission Zone 5 (8)	Transmission Total (9)	Total Excluding 470 MCF Facilities (10)	Proposed 470 MCF Facilities (11)	Total (12)	Line No.
	Depreciation Expenses												
1	Producing, Processing and Gathering	$19,339,049								$19,339,049		$19,339,049	1
2	Underground Storage		$ 43,476							43,476		43,476	2
3	Transmission, Distribution and Local Storage			$1,220,122	$2,689,443	$5,746,644	$7,503,460	$1,061,341	$18,221,010	18,221,010	1,781,398	20,002,408	3
4	General	476,729	1,150	18,560	58,364	80,222	118,108	13,805	289,059	766,938	26,342	793,280	4
5	Total Depreciation Expenses	$19,815,778	$ 44,626	$1,238,682	$2,747,807	$5,826,866	$7,621,568	$1,075,146	$18,510,069	$38,370,473	$1,807,740	$40,178,213	5
6	Amortization	$ 9,691	$ 23	$ 377	$ 1,187	$ 1,631	$ 2,401	$ 281	$ 5,877	$ 15,591		$ 15,591	6
7	Total Depreciation and Amortization	$19,825,469	$ 44,649	$1,239,059	$2,748,994	$5,828,497	$7,623,969	$1,075,427	$18,515,946	$38,386,064	$1,807,740	$40,193,804	7
8	Depletion	$ 7,308,824								$ 7,308,824		$ 7,308,824	8
9	Total Depreciation, Amortization and Depletion	$27,134,293	$ 44,649	$1,239,059	$2,748,994	$5,828,497	$7,623,969	$1,075,427	$18,515,946	$45,694,888	$1,807,740	$47,502,628	9

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(7317)

Docket No. G-____
Exhibit
Schedule No. 11
Sheet 1 of 1
Witness_____

EL PASO NATURAL GAS COMPANY AND FOUR SUBSIDIARY COMPANIES
Taxes Other than Federal Income Tax by Zones
Calendar Year 1960

CONSOLIDATED SUBSIDIARIES:

1. El Paso Gas Transportation Corporation
2. Cia. Occidental de Gas, S.A. de Capital Variable
3. El Paso Natural Gas Building Company
4. West Lake Natural Gasoline Company

Line No.	Description (1)	Production (2)	Underground Storage (3)	Transmission Zone 1 (4)	Zone 2 (5)	Zone 3 (6)	Zone 4 (7)	Zone 5 (8)	Total (9)	Total Excluding 470 M²CF Facilities (10)	Proposed 470 M²CF Facilities (11)	Total (12)	Line No.
1	Property Taxes	$5,352,776	$18,868	$298,712	$658,896	$1,406,902	$1,838,305	$259,839	$4,462,654	$ 9,834,298	$1,066,420	$10,900,718	1
2	State Franchise Taxes (a)	244,562	590	9,521	29,941	41,153	60,590	7,082	148,287	393,439	3,300	396,739	2
3	Total Property and Franchise Taxes	$5,597,338	$19,458	$308,233	$688,837	$1,448,055	$1,898,895	$266,921	$4,610,941	$10,227,737	$1,069,720	$11,297,457	3
4	Payroll Taxes (b)	$ 433,075	$ 193	$ 13,170	$ 56,279	$ 51,974	$ 79,728	$ 8,030	$ 209,181	$ 642,449	$ 1,149	$ 643,598	4
5	Sundry Taxes (a)	194,144	469	7,558	23,768	32,670	48,099	5,622	117,717	312,330	14,790	327,120	5
6	Total Payroll and Sundry Taxes	$ 627,219	$ 662	$ 20,728	$ 80,047	$ 84,644	$ 127,827	$ 13,652	$ 326,898	$ 954,779	$ 15,939	$ 970,718	6
7	Production Taxes	$1,165,053	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,165,053	$ -	$ 1,165,053	7
8	Arizona Gas Sales Tax	$ -	$ -	$ -	$ -	$ -	$ 227,917	$ -	$ 227,917	$ 227,917	$ -	$ 227,917	8
9	State Income Tax Arizona	$ -	$ -	$ -	$ -	$ -	$ 412,387	$ -	$ 412,387	$ 412,387	$ -	$ 412,387	9
10	New Mexico	-	-	-	-	158,993	-	-	158,993	158,993	-	158,993	10
11	Total State Income Taxes	$ -	$ -	$ -	$ -	$ 158,993	$ 412,387	$ -	$ 571,380	$ 571,380	$ -	$ 571,380	11
12	Total Other Taxes	$7,389,610	$20,120	$328,961	$768,884	$1,691,692	$2,667,026	$280,573	$5,737,136	$13,146,866	$1,085,659	$14,232,525	12

(a) Assigned to Zones in Accordance with Administrative and General Expenses.
(b) Assigned to Zones in Accordance with Direct Labor.

(7318) 7318

Docket No. G-____
Exhibit
Schedule No. 12
Sheet 1 of 2
Witness____

EL PASO NATURAL GAS COMPANY AND FOUR SUBSIDIARY COMPANIES
Federal Income Tax at 52% - Return Basis
Calendar Year 1960

CONSOLIDATED SUBSIDIARIES:

1. El Paso Gas Transportation Corporation
2. Cia. Occidental de Gas, S. A. de Capital Variable
3. El Paso Natural Gas Building Company
4. West Lake Natural Gasoline Company

Line No.	Description (1)	Amount (2)	Line No.
1	Return at 6-1/2%.....	$ 66,562,414	1
	Tax Deductions		
2	Interest Expense.....	28,758,849	2
3	Debt Expense - Net.....	209,639	3
4	Interest Revenues.....	(331,126)	4
5	Taxes Charged to Special Construction Projects.....	738,468	5
6	Adjustment for Tax Depreciation....	358,704	6
7	Excess Book Abandoned Lease Cost...	(300,000)	7
8	Other Well and Lease Deductions....	225,000	8
9	Cia. Occidental Net Income.....	21,366	9
10	Surtax Exemption (5,500 / .52)	10,577	10
11	Total Tax Deductions	$ 29,691,477	11
12	Balance of Return	$ 36,870,937	12
13	Federal Income Tax (108.33333%)	$ 39,943,514	13

	Allocation of Interest Expense, Debt Expense and Interest Revenues	Total Company (2)	Utility (3)	Other Investments and Funds (4)	
14	Average Invested Capital	$1,184,119,970	$1,024,027,139	$ 160,092,831	14
15	Per Cent	100.00	86.48	13.52	15
	Allocation				
16	Interest Expense	$ 33,254,913	$ 28,758,849	$ 4,496,064	16
17	Debt Expense - Book Basis	179,976	153,049	23,927	17
18	Debt Expense - Tax Adjustment	65,437	56,590	8,847	18
19	Interest Revenues	382,893	331,126	51,767	19

(7319) 7318

Docket No. G-_____
Exhibit
Schedule No. 12
Sheet 2 of 2
Witness_____

EL PASO NATURAL GAS COMPANY AND FOUR SUBSIDIARY COMPANIES
Summary of Income Tax Deductions
Calendar Year 1960

CONSOLIDATED SUBSIDIARIES:

1. El Paso Gas Transportation Corporation
2. Cia. Occidental de Gas, S. A. de Capital Variable
3. El Paso Natural Gas Building Company
4. West Lake Natural Gasoline Company

Line No.	Description (1)	Total (2)	Utility Operations (3)	Non-Operating Dpt. (4)	Line No.
1	Operating Revenues	$380,474,916			1
2	Expenses	298,217,853			2
3	Net Operating Revenues	$ 82,257,063			3
4	Taxable Net Income	41,641,084			4
5	Income Tax Adjustments	$ 40,615,979			5
	Income Tax Adjustments				
	Other Income				
6	Income from Non-Utility Operations	$ 156,240	$	$ 156,240	6
7	Dividend Revenues	173,926		173,926	7
8	Interest Revenues - Gas Purchase Contract Loans and Advances	629,214		629,214	8
9	Interest Revenues - Other	382,893	331,126	51,767	9
10	Total Other Income	$ 1,342,273	$ 331,126	$ 1,011,147	10
	Income Deductions				
11	Interest	$ 33,254,913	$28,758,849	$ 4,496,064	11
12	Interest Charged to Construction - Cr.	(582,201)	(582,201)		12
13	Amortization of Debt Expense and Premium - Net	176,976	153,049	23,927	13
14	Miscellaneous Income Deductions	126,000		126,000	14
15	Total Income Deductions	$ 32,975,688	$28,329,697	$ 4,645,991	15
	Tax Return Adjustments				
16	Intangible Drilling Cost	$ 9,483,310	$	$ 9,483,310	16
17	Taxes Charged to Construction	738,468	738,468		17
18	Adjustment of Carried Interest Production	225,000	225,000		18
19	Dividends Received Deduction	147,837		147,837	19
20	Excess Book Abandoned Lease Cost	(300,000)	(300,000)		20
21	Excess of Book Depreciation over Tax Depreciation	358,704	358,704		21
22	Excess of Book Depletion over Tax Depletion	(2,339,759)		(2,339,759)	22
23	Excess of Tax Amortization of Debt Expense and Premium over Book	65,437	56,990	8,447	23
24	Interest Charged to Construction	582,201	582,201		24
25	Net Income Cia. Occidental de Gas, S. A. de Capital Variable	21,366	21,366		25
26	Total Tax Return Adjustments	$ 8,982,364	$ 1,682,329	$ 7,300,235	26
27	Total Income Tax Adjustments	$ 40,615,979	$29,689,900	$10,926,079	27

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(7320)

Docket No. G-____
Exhibit
Schedule No. 13
Sheet 1 of 1
Witness_____

EL PASO NATURAL GAS COMPANY AND FOUR SUBSIDIARY COMPANIES
Other Gas Revenues by Zones
Calendar Year 1960

CONSOLIDATED SUBSIDIARIES:

1. El Paso Gas Transportation Corporation
2. Cia. Occidental de Gas, S.A. de Capital Variable
3. El Paso Natural Gas Building Company
4. West Lake Natural Gasoline Company

Line No.	Description (1)	Production (2)	Underground Storage (3)	Transmission Zone 1 (4)	Transmission Zone 2 (5)	Transmission Zone 3 (6)	Transmission Zone 4 (7)	Transmission Zone 5 (8)	Transmission Total (9)	Total Excluding 470 MCF Facilities (10)	Proposed 470 MCF Facilities (11)	Total (12)	Line No.
1	Revenues from Extracted Products	$32,406,096	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$32,406,096	$-	$32,406,096	1
	Other Gas Revenues												
2	Rent from Gas Property	$ 503,079	$ -	$ 24,011	$89,197	$44,733	$65,565	$14,672	$ 238,178	$ 741,257	$3,600	$ 744,857	2
3	Revenue from Transportation of Gas	319,992	-	-	-	-	-	-	-	319,992	-	319,992	3
4	Revenue from Natural Gas Process by Others	2,777,010	-	-	-	-	-	-	-	2,777,010	-	2,777,010	4
5	Incidental Gasoline and Oil Sales	1,269,585	-	-	-	-	-	-	-	1,269,585	-	1,269,585	5
6	Revenue from Interest on Capital Advance for Gas Purchase Contract	629,214	-	-	-	-	-	-	-	629,214	-	629,214	6
7	Miscellaneous Other Gas Revenues	276,008	-	-	-	-	-	-	-	276,008	-	276,008	7
8	Total Other Gas Revenues	$ 5,774,888	$ -	$ 24,011	$89,197	$44,733	$65,565	$14,672	$ 238,178	$ 6,013,066	$3,600	$ 6,016,666	8
9	Northern Natural Gas Company Transportation and Compression	$ -	$ -	$2,711,238	$ -	$ -	$ -	$ -	$2,711,238	$ 2,711,238	$-	$ 2,711,238	9
10	Total	$38,180,984	$	$2,735,249	$89,197	$44,733	$65,565	$14,672	$2,949,416	$41,130,400	$3,600	$41,134,000	10

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Docket No. G-_____
Exhibit
Schedule No. 14
Sheet 1 of 1
Witness_____

EL PASO NATURAL GAS COMPANY AND FOUR SUBSIDIARY COMPANIES
Allocation of General Items to Functions and Zones,
Excluding 470 M²CF Facilities
Calendar Year 1960

CONSOLIDATED SUBSIDIARIES:

1. El Paso Gas Transportation Corporation
2. Cia. Occidental de Gas, S. A. de Capital Variable
3. El Paso Natural Gas Building Company
4. West Lake Natural Gasoline Company

Line No.	Description (1)	Total Excluding 470 M²CF Facilities (2)	Production (3)	Underground Storage (4)	Zone 1 (5)	Zone 2 (6)	Zone 3 (7)	Zone 4 (8)	Zone 5 (9)	Total (10)	Line No.
1	Direct Labor	$ 23,229,644	$ 15,657,996	$ 8,052	$ 475,705	$ 2,035,247	$ 1,879,794	$ 2,[illegible]32,574	$ 290,276	$ 7,563,596	1
2	Per Cent	100.00%	67.41%	.03%	2.05%	8.76%	8.09%	12.4[illegible]%	1.25%	32.5[illegible]	2
3	Gross Plant	$1,126,715,860	$618,217,711	$ 2,140,839	$33,893,520	$74,[illegible]61,963	$159,634,862	$208,584,182	$29,482,783	$506,357,310	3
4	Per Cent	100.00%	54.87%	.19%	3.00%	6.64%	14.1[illegible]%	18.51%	2.62%	44.9[illegible]	4
5	Operating Expenses (A)	$ 44,634,553	$ 30,445,526	$ 167,308	$ 810,847	$ 3,182,632	$ 2,897,153	$ 6,693,[illegible]71	$ 437,716	$ 14,[illegible]21,719	5
6	Per Cent	100.00%	68.21%	.37%	1.82%	7.13%	6.49%	15.00%	.98%	31.4[illegible]%	6
	Administrative and General Expenses Assigned on Basis of:										
7	Labor	$ 5,123,831	$ 3,453,374	$ 1,537	$ 105,039	$ [illegible]48,848	$ [illegible]1[illegible]518	$ 635,867	$ 64,[illegible]8	$ 1,668,320	7
8	Gross Plant	5,150,232	2,825,932	9,785	154,507	341,9[illegible]	729,788	953,308	134,936	2,314,515	8
9	Operating Expenses	1,763,563	1,202,926	6,525	32,097	125,742	114,455	264,535	17,283	554,112	9
10	Total Administrative and General Expenses	$ 12,037,626	$ 7,482,832	$ 17,847	$ 291,643	$ 916,566	$ 1,258,761	$ 1,853,710	$ 216,267	$ 4,536,347	10
11	Per Cent	100.00%	62.16%	.15%	2.42%	7.61%	10.46%	15.40%	1.80%	2[illegible]%	11
	Items Spread on Basis of Administrative and General										
12	Intangible Plant	$ 430,796	$ 267,783	$ 646	$ 10,425	$ 32,784	$ 45,061	$ 66,343	$ 7,754	$ 162,367	12
13	Intangible Reserves	151,153	93,957	227	3,658	11,503	15,810	23,277	2,721	56,969	13
14	Amortization Expense - Intangible	15,591	9,691	23	377	1,187	1,631	2,401	281	5,877	14
15	General Plant	20,307,613	12,623,212	30,461	491,444	1,545,410	2,124,176	3,127,373	365,537	7,653,940	15
16	Reserve for Depreciation - General Plant	7,851,495	4,880,489	11,777	190,006	597,499	821,267	1,209,130	141,327	2,959,229	16
17	Depreciation Expense - General	766,938	476,729	1,150	18,560	58,364	80,222	118,108	13,805	289,089	17
18	Franchise Taxes	393,439	244,562	590	9,521	29,941	41,153	60,590	7,082	148,287	18
19	Sundry Taxes	312,330	194,144	469	7,558	23,768	32,670	48,099	5,622	117,717	19
20	Payroll Taxes - Labor Basis	642,449	433,075	193	13,170	56,279	51,974	79,728	8,030	209,181	20
	Note (A)										
21	Total Operating Expenses (Functional)	$ 197,747,890	$177,281,052	$ 167,308	2,472,635	$ 4,694,744	$ 4,214,471	$ 8,320,096	$ 397,584	$ 20,299,530	21
22	Less: Gas Purchased for Resale	114,387,168	114,387,168								22
23	Compressor Station Fuel	4,919,036			303,013	1,512,112	1,317,318	1,626,725	159,868	4,919,036	23
24	Gas Well Royalties	13,686,512	13,686,512								24
25	Royalty on Products and Payment for Products	12,444,769	12,444,769								25
26	Gas Lost in Treating	2,682,871	2,682,871								26
27	Gas Shrinkage	1,070,806	1,070,806								27
28	Abandoned Leases	1,063,400	1,063,400								28
29	Nonproductive Well Drilling	1,500,000	1,500,000								29
30	Transmission and Compression of Gas by Others	1,358,775			1,358,775					1,358,775	30
31	Net Operating Expenses	$ 44,634,553	$ 30,445,526	$ 167,308	$ 810,847	$ 3,182,632	$ 2,897,153	$ 6,693,371	$ 437,716	$ 14,021,719	31

(7322) 7322

Docket No. G-____
Exhibit
Schedule No. 15
Sheet 1 of 5
Witness_____

EL PASO NATURAL GAS COMPANY
Peak Day Deliveries, Annual Volumes,
and Revenues by Zones
14.9 p.s.i.a.
Calendar Year 1960

Line No.	Description (1)	1960 Peak Volumes (2)	1960 Annual Volumes (3)	1960 Revenues at G-12968 Rates (4)
	Zone 1			
	Jurisdictional Sales			
1	Southern Union Gas Company - Clovis	15,724	3,425,992	$ 719,375
2	Pioneer Natural Gas Company - (Texhoma County)	1,006	224,361	53,458
3	Total Jurisdictional - Zone 1	16,730	3,650,353	$ 772,833
	Non-Jurisdictional Sales			
4	Southern Union Gas Company - Carlsbad	32,120	11,000,000	$1,679,200
5	Total Zone 1	48,850	14,650,353	$2,452,033
	Zone 2			
	Jurisdictional Sales			
6	Southern Union Gas Company - El Paso	67,475	8,650,675	$2,386,831
7	Las County Gas Company - El Paso and Vicinity	14,962	2,538,897	774,091
8	Dell City Gas Company	1,050	460,567	117,030
9	Total Jurisdictional - Zone 2	83,487	11,650,139	$3,277,952
	Non-Jurisdictional Sales			
10	Standard Oil Company of Texas	12,000	1,620,000	$ 308,124
11	Phelps Dodge Refining Corporation - El Paso	5,702	1,747,350	399,269
12	The Texas Company	7,413	2,226,000	423,385
13	El Paso Natural Gas Products Company - Brickland	1,000	249,628	48,103
14	El Paso Electric Company	51,300	13,727,000	3,637,6[illegible]
15	American Smelting and Refining Company - El Paso	5,747	1,984,000	453,684
16	Southwest Portland Cement Company	5,212	1,791,000	452,286
17	Total Non-Jurisdictional - Zone 2	88,374	23,344,978	$5,722,806
18	Total Zone 2	171,861	34,995,117	$9,000,758
	Zone 3			
	Jurisdictional Sales			
	Southern New Mexico			
19	Southern Union Gas Company - Alamogordo	11,234	1,514,000	$ 473,281
20	Deming, Village of	1,184	393,222	120,526
21	Edington, R.W.	58	53,485	16,108
22	Las Cruces, Town of	3,529	1,247,000	376,195
23	Las County Gas Company	4,764	1,060,819	314,722
24	Lordsburg, Village of	594	166,879	51,007
25	Lordsburg, Village of - Power Plant	2,891	1,120,000	376,200
26	Total Southern New Mexico - Zone 3 - Jurisdictional	24,254	5,755,405	$1,728,039

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(7323)

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Docket No. G-____
Exhibit
Schedule No. 15
Sheet 2 of 5
Witness_____

EL PASO NATURAL GAS COMPANY
Peak Day Deliveries, Annual Volumes,
And Revenues by Zones
MCF at 14.9 p.s.i.a.
Calendar Year 1960

Line No.	Description (1)	1960 Peak Volumes (2)	1960 Annual Volumes (3)	1960 Revenues at G-12948 Rates (4)
	Zone 3 (Contd.)			
	Jurisdictional Sales (Contd.)			
	Northern New Mexico			
	Southern Union Gas Company			
1	Anaconda Copper Company	2,025	599,000	$ 170,715
2	Gallup	2,949	810,193	241,704
3	Grants	1,058	263,269	78,350
4	Hanmontahe	8,099	2,176,937	620,508
5	Kirtland-Fruitland	121	32,205	9,809
6	Tatum	377	132,600	42,519
7	Gallup Gamerco Coal Company	909	325,736	92,835
8	Mountainair, Town of	161	41,788	12,585
9	Navajo Tribe	822	331,371	94,441
10	Socorro, Town of	718	191,376	56,620
11	Total Northern New Mexico - Zone 3 - Jurisdictional	17,239	4,924,672	$1,420,086
12	Total Jurisdictional - Zone 3	41,509	10,680,080	$3,148,125
	Non-Jurisdictional Sales			
13	El Paso Gas Products Company - Cinias, Prewitt, Hagate, Bisti	2,430	651,285	$ 136,900
14	Kennecott Copper Corporation - Hurley, New Mexico	13,336	4,536,223	1,097,766
15	Total Non-Jurisdictional - Zone 3	15,766	5,187,508	$1,234,666
16	Total Zone 3	57,275	15,867,588	$4,382,791
	Zone 4			
	Jurisdictional Sales			
	Southern Arizona			
	Arizona Public Service Company			
17	Ajo Heights	131	21,130	$ 6,722
18	Bisbee-Douglas	6,717	1,776,980	529,400
19	Ft. Huachuca - Army Camp	3,736	415,100	122,455
20	Globe-Miami	4,800	765,993	238,459
21	Phoenix	122,896	20,724,489	6,393,225
22	Ray-Sonora	456	71,275	22,427
23	Salome-Wenden	237	32,155	9,433
24	Salt River Valley Water Users' Association	73,500	20,760,000	6,124,200
25	San Manuel Copper Project	783	115,218	37,072
26	Winkelman	92	13,910	4,426
27	Yuma	23,451	5,382,900	1,998,270

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(7324) 7324

Docket No. G-____
Exhibit
Schedule No. 15
Sheet 3 of 5
Witness_____

EL PASO NATURAL GAS COMPANY
Peak Day Deliveries, Annual Volumes,
and Revenues by Zones
MCF at 14.9 p.s.i.a.
Calendar Year 1960

Line No.	Description (1)	1960 Peak Volumes (2)	1960 Annual Volumes (3)	1960 Revenues at G-12948 Rates (4)
	Zone 4 (Contd.)			
	Jurisdictional Sales (Contd.)			
	Southern Arizona (Contd.)			
1	Ajo Improvement Company	551	90,400	$ 28,606
2	Benson, Town of	466	113,023	35,504
3	Citizens Utilities Company	1,079	197,700	62,273
4	General Utilities, Inc.	1,751	595,514	179,387
5	Geronimo Natural Gas Company	-	5,554	1,527
6	Magma Natural Gas Company	617	856,600	238,503
7	Mesa, City of	5,189	893,149	283,358
8	Southwest Gas Corporation	11,991	6,310,803	1,796,328
9	Safford, Town of	1,774	273,838	84,502
10	Soughern Utilities Company of Patagonia	39	13,080	4,152
11	Tombstone, City of	271	46,811	14,601
12	Tucson Gas, Electric Light & Power Company	53,136	9,626,000	2,936,310
13	Willcox, City of	526	77,483	24,242
14	Willcox, City of - Power Plant	79	19,268	5,684
15	Total Southern Arizona - Zone 4 - Jurisdictional	314,268	69,197,973	$20,781,066
	Northern Arizona			
16	Nevada Natural Gas Pipe Line Company	50,000	14,580,000	$ 4,374,000
17	Southern Union Gas Company			
18	Ashfork	194	28,223	8,725
19	Chino Valley	41	17,649	5,266
20	Flagstaff	5,561	895,493	276,527
21	Holbrook	1,145	172,638	53,176
22	Joseph City	78	11,781	3,694
23	Kingman	1,360	221,956	68,411
24	Prescott	4,739	730,235	226,955
25	Seligman	224	33,906	10,476
26	Williams	1,001	158,415	49,073
27	Winslow	2,859	443,936	136,434
28	Wherry Housing Project (Bellemont)	94	17,082	5,263
29	Mayer	300	16,200	5,133
30	Humboldt	165	10,730	3,398
31	Canado Mission	358	85,000	25,075
32	Total Northern Arizona - Zone 4 - Jurisdictional	68,319	17,423,244	$ 5,251,606
33	Total Jurisdictional - Zone 4	382,587	86,621,217	$26,032,672

(7325)

7325

Docket No. G-____
Exhibit
Schedule No. 15
Sheet 4 of 5
Witness_____

EL PASO NATURAL GAS COMPANY
Peak Day Deliveries, Annual Volumes,
and Revenues by Zones
MCF at 14.9 p.s.i.a.
Calendar Year 1960

Line No.	Description (1)	1960 Peak Volumes (2)	1960 Annual Volumes (3)	1960 Revenues at G-12948 Rates (4)
	Zone 4 (Contd.)			
	Non-Jurisdictional Sales			
1	American Smelting and Refining Company - Hayden ...	3,434	1,080,000	$ 308,880
2	Cananea Consolidated Copper Company	14,416	4,324,000	1,438,811
3	Inspiration Consolidated Copper Company	4,003	1,096,500	313,599
4	International Smelting and Refining Company	3,813	1,173,480	335,615
5	Kennecott Copper Company - Hayden	11,533	4,214,000	1,346,483
6	Magma Copper Company	3,449	1,184,580	394,142
7	Miami Copper Company	3,226	1,020,095	339,437
	Phelps Dodge Corporation			
8	Ajo	10,722	3,130,482	860,883
9	Bisbee-Douglas	16,028	5,045,146	1,220,925
10	Morenci	18,845	5,304,000	1,458,600
11	San Manuel Copper Corporation	10,000	2,400,000	798,600
12	Apache Powder Company	2,858	882,000	293,706
13	Pearl Lime Plant	1,439	562,100	187,179
14	U. S. Department of Interior - Pima Indian Agency .	67	12,000	2,437
15	Arizona Public Service Company			
16	Ajo Heights	100	21,710	6,404
17	Douglas	1,200	2,400	708
18	Miami	1,000	4,800	1,416
19	Orotillo	43,333	11,653,720	3,437,847
20	Phoenix	12,000	1,189,710	350,964
21	Saguaro	33,000	9,639,630	2,843,691
22	Citizens Utilities - Power Plant	700	122,300	36,079
23	Safford, Town of - Power Plant	242	92,033	21,766
24	Tucson Gas, Electric Light & Power Company - Power Plant	21,720	7,127,000	2,102,465
25	Total Non-Jurisdictional - Zone 4	217,128	61,281,606	$18,100,637
26	Total Zone 4	599,715	147,902,823	$44,131,309

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(7326)

7326

Docket No. G-____
Exhibit
Schedule No. 15
Sheet 5 of 5
Witness_____

EL PASO NATURAL GAS COMPANY
Peak Day Deliveries, Annual Volumes,
and Revenues by Zones
MCF at 14.9 p.s.i.a.
Calendar Year 1960

Line No.	Description (1)	1960 Peak Volumes (2)	1960 Annual Volumes (3)	1960 Revenues at G-12948 Rates (4)
	Zone 5			
	Jurisdictional Sales			
1	Southern California Gas Companies - Proposed 470 M^CF	235,000	76,885,795	$ 29,518,318
2	Other	1,030,000	376,980,000	102,588,000
3	Total Southern California Companies	1,265,000	453,865,795	$132,106,318
4	Pacific Gas and Electric Company	1,125,000	403,988,000	$110,497,600
5	Total Zone 5 - Jurisdictional	2,390,000	857,853,795	$242,603,918
	Non-Jurisdictional			
6	Southern California Edison Company	100,000	33,306,000	$ 10,564,663
7	Total Zone 5	2,490,000	891,159,795	$253,168,581
8	Total System Exclusive of Field Sales	3,367,701	1,104,585,476	$313,137,972
9	Sales and Exchanges Credited to Cost of Service	214,366	69,143,333	$ 8,697,983
10	Total Sales (A)	3,582,067	1,173,728,809	$321,835,955

Note (A)
Peak Day

11	Exhibit I, Schedule No. 7 Supplemental Data G-13019 Year 1960	3,708,234
12	This Exhibit	3,582,067
13	Difference	126,167

The difference is due to an adjustment because of the fact that the Ocotillo plant of the Arizona Public Service Co. is estimated to begin operation in March of 1960. Since the annual volumes reflect only 10 months operation, the estimated peak day has been adjusted correspondingly for purposes of cost allocation (52,000 MCF x 10/12 = 43,333 MCF) 117,500 MCF on the 470 M^CF sale will not be effective until 1961, therefore peak day volume of 235,000 MCF was used for this study.

I-298

(7328) 7328

Filed with ... FEDERAL POWER C...

EL PASO NATURAL GAS COMPANY
DOCKET NO. G-13019

Docket No. ----------
Hearing Ex. No. ----------
Date Identified NOV 21 1958
Date Admitted NOV 21 1958

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(7329) **These figures shown below, exclusive of the figures blocked in, are a part of the additional information requested informally by FPC Staff on 10/10/58 in Docket No. G-13019.**

Docket No. G-13019
Exhibit
Schedule No.
Sheet 1 of 9
Witness

[redacted]

1. El Paso Gas Transportation Corporation
2. Cia. Occidental de Gas, S.A. de Capital Variable
3. El Paso Natural Gas Building Company
4. West Lake Natural Gasoline Company

Line No.		1957 El Paso Natural Gas Company and Four Subsidiary Companies	1957 Pacific Northwest Pipeline Corporation	1957 Consolidating Adjustments	1957 Consolidated	1958 El Paso Natural Gas Company and Four Subsidiary Companies	1958 Pacific Northwest Pipeline Corporation	1958 Consolidating Adjustments	1958 Consolidated	1959 El Paso Natural Gas Company and Four Subsidiary Companies	1959 Pacific Northwest Operating Division	1959 Inter-Division Adjustments	1959 Total El Paso Natural Gas Company and Four Subsidiary Companies	1960 El Paso Natural Gas Company and Four Subsidiary Companies	1960 Pacific Northwest Operating Division	1960 Inter-Division Adjustments	1960 Total El Paso Natural Gas Company and Four Subsidiary Companies	Line No.
	Operating Revenues																	
	Sales Other than to California Companies																	
1	Copper and Smelting	$ 9,076,546	$ -	$ -	$ 9,076,546	$ 10,039,141	$ -	$ -	$ 10,039,141	$ 10,616,536	$ -	$ -	$ 10,616,536	$ 10,766,694	$ -	$ -	[illegible]	1
2	Other Industrial	1,398,644	4,102,343	-	5,600,987	1,997,980	4,647,000	-	6,394,980	1,653,506	6,080,000	-	7,073,506	1,852,420	6,080,000	-	[illegible]	2
3	Public Utilities for Power	10,260,898	-	-	10,260,898	11,179,089	-	-	11,179,089	12,562,668	-	-	12,562,668	14,374,181	-	-	[illegible]	3
4	Public Utilities for Resale	20,334,229	20,756,192	9,034,389*	32,056,032	31,700,317	53,269,000	8,433,931*	76,535,386	37,008,385	60,160,000	8,775,107*	88,373,278	38,637,011	64,439,000	20,490,222*	82,621,789	4
5	Other Sales	2,874,455	140,328	-	3,014,783	3,468,246	-	-	3,468,246	1,341,529	-	-	1,341,529	1,077,048	-	-	1,077,048	5
6	Total Sales Other than to California Companies	$ 43,944,772	$ 25,000,744	$ 9,034,389*	$ 59,951,127	$ 57,988,453	$ 57,916,000	$ 8,433,931*	$107,470,522	$ 63,184,644	$ 66,160,000	$ 8,775,107*	$122,769,537	$ 66,847,374	$ 70,439,000	$ 20,490,222*	$116,632,152	6
	Sales to California Companies																	
	Public Utilities for Power																	
7	Southern California Edison Company	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 10,535,798	$ -	$ -	$ 10,535,798	$ 10,564,663	$ -	$ -	$ 10,564,663	7
	Public Utilities for Resale																	
8	Southern California	$ 80,561,778	$ -	$ -	$ 80,561,778	$ 99,631,747	$ -	$ -	$ 99,631,747	$102,382,000	$ -	$ -	$102,382,000	$132,106,318	$ -	$ -	$132,106,318	8
9	Northern California	75,349,940	-	-	75,349,940	83,615,333	-	-	83,615,333	102,025,000	-	-	102,025,000	130,497,600	-	-	130,497,600	9
10	Total Public Utilities for Resale	$155,911,718	$ -	$ -	$155,911,718	$183,247,080	$ -	$ -	$183,247,080	$204,407,000	$ -	$ -	$204,407,000	$262,603,918	$ -	$ -	$262,603,918	10
11	Total Sales to California Companies	$155,911,718	$ -	$ -	$155,911,718	$183,247,080	$ -	$ -	$183,247,080	$204,407,000	$ -	$ -	$204,407,000	$262,603,918	$ -	$ -	$262,603,918	11
12	Sub Total	$209,770,096	$ 35,000,744	$ 9,034,389*	$235,736,451	$241,135,713	$ 57,916,000	$ 8,433,931*	$290,468,182	$280,387,442	$ 66,160,000	$ 8,775,107*	$337,712,335	$329,835,955	$ 70,439,000	$ 20,490,222*	$379,180,733	12
13	Provision for Increased Revenues that will Result from Increased Gas Costs Included Herein	-	-	-	-	-	-	-	-	17,941,004	-	-	17,941,004	18,134,172	-	-	18,134,172	13
14	Total Gas Sales	$209,770,096	$ 35,000,744	$ 9,034,389*	$235,736,451	$241,135,713	$ 57,916,000	$ 8,433,931*	$290,468,182	$298,328,446	$ 66,160,000	$ 8,775,107*	$355,653,339	$329,970,130	$ 70,439,000	$ 20,490,222*	$379,918,908	14
15	Extracted Products Sales	24,987,794	1,999,383	185,089*	26,802,088	26,306,989	1,361,603	200,000*	27,468,592	32,078,291	1,308,018	220,000*	33,166,309	33,675,681	1,102,240	220,000*	34,557,921	15
16	Other Operating Revenues	5,170,841	123,687	138,788*	5,156,740	6,045,744	130,000	162,000*	6,013,744	6,984,000	130,000	162,000*	6,952,000	6,829,173	130,000	162,000*	6,797,173	16
17	Total Operating Revenues	$239,928,731	$ 37,123,814	$ 9,357,662*	$267,695,283	$273,488,446	$ 59,447,603	$ 8,795,931*	$324,141,458	$337,312,437	$ 67,598,018	$ 9,157,107*	$395,751,648	$380,474,976	$ 71,687,240	$ 20,872,222*	$431,289,994	17
	Expenses																	
18	Cost of Gas	$ 72,997,331	$ 13,984,089	$ 9,034,397*	$ 81,997,023	$ 82,884,811	$ 27,886,635	$ 8,433,931*	$102,338,115	$130,934,734	$ 32,984,344	$ 8,775,107*	$134,703,951	$137,361,644	$ 34,975,693	$ 20,490,222*	$151,846,935	18
19	Exploration and Development	8,099,613	441,047	-	8,498,660	8,799,100	491,500	-	9,290,600	5,200,000	494,500	-	5,694,500	5,200,000	479,900	-	5,679,900	19
20	Field Handling Expenses - Operation and Maintenance	37,345,136	4,851,659	185,117*	41,211,674	43,207,060	5,036,454	200,000*	50,043,514	55,097,599	5,371,671	220,000*	61,049,610	57,861,192	5,179,864	220,000*	62,821,056	20
21	Transmission Expenses-Operation and Maintenance	14,991,740	1,914,366	138,178*	16,367,728	15,793,589	2,868,965	162,000*	18,340,494	18,896,701	3,156,339	162,000*	21,889,036	23,661,342	3,951,038	162,000*	27,090,380	21
22	Sales Promotion	325,712	10	-	325,722	339,679	-	-	339,679	339,679	-	-	339,679	339,679	-	-	339,679	22
23	Administrative and General	10,829,689	2,202,400	-	13,032,229	10,287,734	2,722,416	-	13,250,150	11,525,345	3,563,614	-	15,088,159	12,099,023	3,788,426	-	15,887,449	23
24	Depreciation, Depletion and Amortization	29,594,298	4,922,098	-	34,516,396	35,508,906	9,070,165	-	44,579,071	43,695,084	9,849,080	-	53,544,164	47,502,628	10,088,092	-	57,590,720	24
25	Taxes, Other than Federal Income Tax	8,305,134	2,361,191	-	10,666,489	9,617,632	2,557,968	-	12,175,600	11,088,941	2,861,770	-	14,744,711	14,232,583	2,889,483	-	17,122,066	25
26	Sub Total	$181,634,997	$ 29,898,998	$ 9,357,692*	$202,176,893	$206,436,051	$ 50,734,303	$ 8,795,931*	$250,376,423	$287,980,979	$ 58,221,296	$ 9,157,107*	$307,044,762	$298,217,893	$ 60,952,478	$ 20,872,222*	$338,298,109	26
27	Other Income	1,289,930	2,169,778	2,128,478*	1,331,230	1,158,296	1,138,750	2,946,250*	1,350,796	1,183,798	67,300	-	1,251,098	1,342,273	50,250	-	1,392,523	27
28	Sub Total	$183,345,027	$ 27,728,780	$ 7,229,214*	$203,508,123	$207,479,751	$ 47,595,553	$ 5,849,321*	$249,226,027	$289,164,777	$ 58,153,796	$ 9,157,107*	$305,751,504	$299,560,166	$ 60,902,228	$ 20,872,222*	$339,590,632	28
	Other Deductions																	
29	Interest	$ 21,038,360	$ 9,729,863	$ 438,478*	$ 30,329,651	$ 27,998,112	$ 9,125,484	$ -	$ 37,083,596	$ 33,353,869	$ 8,967,985	$ -	$ 42,320,254	$ 33,254,913	$ 8,609,464	$ -	$ 41,860,377	29
30	Amortization of Debt Expense and Premium (Net)	115,468	394,871	-	510,489	344,853	193,954	-	538,807	176,197	140,708	-	316,865	176,976	131,462	-	308,438	30
31	Interest Charged to Construction - Credit	2,449,539	489,456	-	3,134,995	3,400,732	515,860	-	4,146,592	3,466,972	229,990	-	3,696,522	582,201	195,940	-	778,141	31
32	Miscellaneous Other Deductions	243,943	-	-	243,943	126,000	-	-	126,000	126,000	-	-	126,000	126,000	-	-	126,000	32
33	Minority Interest in Net Income - Loss* of Pacific Northwest Pipeline Corporation	-	-	3,683*	3,683*	-	-	131	131	-	-	-	-	-	-	-	-	33
34	Total Other Deductions	$ 18,346,388	$ 9,609,778	$ 438,959*	$ 27,943,607	$ 24,390,211	$ 8,803,598	$ 131	$ 33,193,942	$ 30,167,694	$ 8,888,743	$ -	$ 39,070,397	$ 32,973,688	$ 8,540,986	$ -	$ 41,514,674	34
35	Total Expenses and Other Deductions	$201,691,415	$ 37,497,458	$ 7,661,133*	$231,452,730	$230,877,962	$ 56,398,151	$ 5,849,190*	$283,427,965	$319,344,671	$ 67,036,537	$ 9,157,107*	$344,824,101	$331,851,366	$ 69,443,214	$ 20,872,222*	$380,422,358	35
36	Net Income - (Loss) Before Provision for Federal Income Tax	$ 38,236,316	$ (367,644)	$ 1,696,529*	$ 36,242,553	$ 42,611,484	$ 3,049,452	$ 2,946,381*	$ 42,714,555	$ 17,967,766	$ 561,481	$ -	$ 18,529,247	$ 48,623,610	$ 2,244,026	$ -	$ 50,867,636	36
	Provision for Federal Income Tax																	
37	Provision for Current Year	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,149,993	-	-	$ 4,149,993	$ -	-	-	$ -	37
38	Provision for Deferred Federal Income Tax	1,999,000	-	-	1,999,000	6,209,961	-	-	6,209,961	-	-	-	-	20,668,586	-	-	20,668,586	38
39	Total Provision for Federal Income Tax	$ 1,999,000	$ -	$ -	$ 1,999,000	$ 6,209,961	$ -	$ -	$ 6,209,961	$ 4,149,993	-	-	$ 4,149,993	$ 20,668,586	-	-	$ 20,668,586	39
40	Net Income - (Loss) Before Provision for Refunds	$ 36,237,316	$ (367,644)	$ 1,696,529*	$ 34,243,553	$ 36,401,523	$ 3,049,452	$ 2,946,381*	$ 36,504,594	$ 13,817,773	$ 561,481	-	$ 14,379,254	$ 27,955,024	$ 2,244,026	-	$ 30,199,050	40
41	Provision for Refunds, Less Tax	334,000	-	-	334,000	-	-	-	-	-	-	-	-	-	-	-	-	41
42	Net Income - (Loss)	$ 35,903,316	$ (367,644)	$ 1,696,529*	$ 33,909,553	$ 36,401,523	$ 3,049,452	$ 2,946,381*	$ 36,504,594	$ 13,817,773	$ 561,481	-	$ 14,379,254	$ 27,955,024	$ 2,244,026	-	$ 30,199,050	42
43	Provision for Dividends on Preferred Stock	$ 7,799,000	$ 352,471	$ 960*	$ 8,150,511	$ 8,818,924	$ 1,136,367	$ 1,933*	$ 9,953,358	$ 7,496,636	-	-	$ 7,496,636	$ 7,309,673	-	-	$ 7,309,673	43
										$ 38,[illegible]	$ 561,481	-	$ [illegible]	$ 27,[illegible]	$ 2,244,026	-	$ [illegible]	

1. El Paso Gas Transportation Corporation
2. Cia. Occidental de Gas, S.A. de Capital Variable
3. El Paso Natural Gas Building Company
4. West Lake Natural Gasoline Company

(7330) **These figures shown below, exclusive of the figures blocked in, are a part of the additional information requested informally by FPC Staff on 10/10/58 in Docket No. G-13019.**

7330

Docket No. G-13019
Exhibit
Schedule No.
Sheet 2 of ,
Witness

[redacted]

El Paso Gas Transportation Corporation
Cia. Occidental de Gas, S.A. de Capital Variable
El Paso Natural Gas Building Company
West Lake Natural Gasoline Company

Line No.		1961 El Paso Natural Gas Company and Four Subsidiary Companies	1961 Pacific Northwest Operating Division	1961 Inter-Division Adjustments	1961 Total El Paso Natural Gas Company and Four Subsidiary Companies	1962 El Paso Natural Gas Company and Four Subsidiary Companies	1962 Pacific Northwest Operating Division	1962 Inter-Division Adjustments	1962 Total El Paso Natural Gas Company and Four Subsidiary Companies	1963 El Paso Natural Gas Company and Four Subsidiary Companies	1963 Pacific Northwest Operating Division	1963 Inter-Division Adjustments	1963 Total El Paso Natural Gas Company and Four Subsidiary Companies	1964 El Paso Natural Gas Company and Four Subsidiary Companies	1964 Pacific Northwest Operating Division	1964 Inter-Division Adjustments	1964 Total El Paso Natural Gas Company and Four Subsidiary Companies	Line No.
	Operating Revenues																	
	Sales Other than to California Companies																	
1	Copper and Smelting	$ 10,797,391	$ -	$ -	$ 10,797,391	$ 10,797,391	$ -	$ -	$ 10,797,391	$ 10,797,391	$ -	$ -	$ 10,797,391	$ 1,010,584	$ -	$ -	$ 1,010,584	1
2	Other Industrial	2,048,010	6,020,000	-	8,068,010	2,048,010	6,020,000	-	8,068,010	2,048,010	6,020,000	-	8,068,010	2,093,965	6,020,000	-	[illegible]	2
3	Public Utilities for Power	15,503,282	-	-	15,503,282	15,503,282	-	-	15,503,282	15,503,282	-	-	15,503,282	15,545,732	-	-	[illegible]	3
4	Public Utilities for Resale	41,014,692	67,139,000	20,991,808*	87,161,884	40,781,863	82,187,000	32,930,215*	90,038,648	40,781,863	83,019,000	33,782,454*	90,038,409	39,667,280	83,434,000	34,176,666*	[illegible]	4
5	Other Sales	1,146,940	-	-	1,146,940	1,131,305	-	-	1,131,305	1,131,305	-	-	1,131,305	1,139,821	-	-	[illegible]	5
6	Total Sales Other than to California Companies	$ 72,310,314	$ 73,159,000	$ 20,991,808*	$125,077,507	$ 72,261,851	$ 88,207,000	$ 32,930,215*	$127,538,636	$ 72,261,851	$ 89,039,000	$ 33,782,454*	$127,518,397	$ 61,457,382	$ 89,454,000	$ 34,176,666*	$116,734,695	6
	Sales to California Companies																	
	Public Utilities for Power																	
7	Southern California Edison Company	$ 10,335,798	$ -	$ -	$ 10,335,798	$ 10,335,798	$ -	$ -	$ 10,335,798	$ 10,335,798	$ -	$ -	$ 10,335,798	$ 10,396,663	$ -	$ -	$ 10,396,663	7
	Public Utilities for Resale																	
8	Southern California	$147,738,930	$ -	$ -	$147,738,930	$164,793,281	$ -	$ -	$164,793,281	$167,308,307	$ -	$ -	$167,308,307	$168,921,136	$ -	$ -	$168,921,136	8
9	Northern California	104,161,400	-	-	104,161,400	105,509,600	-	-	105,509,600	107,245,800	-	-	107,245,800	112,050,000	-	-	112,050,000	9
10	Total Public Utilities for Resale	$251,900,330	$ -	$ -	$251,900,330	$270,302,881	$ -	$ -	$270,302,881	$274,553,907	$ -	$ -	$274,553,907	$280,971,136	$ -	$ -	$280,971,136	10
11	Total Sales to California Companies	$262,236,128	$ -	$ -	$262,236,128	$280,638,679	$ -	$ -	$280,638,679	$284,889,705	$ -	$ -	$284,889,705	$291,367,799	$ -	$ -	$291,367,799	11
12	Sub Total	$334,546,443	$ 73,159,000	$ 20,991,808*	$387,313,635	$352,900,530	$ 88,207,000	$ 32,930,215*	$407,997,315	$357,371,556	$ 89,039,000	$ 33,782,454*	$412,468,102	$352,973,181	$ 89,454,000	$ 34,176,666*	$408,290,499	12
13	Provision for Increased Revenues that will Result from Increased Gas Costs Included Herein	18,377,796	-	-	18,377,796	18,470,600	-	-	18,470,600	19,090,842	-	-	19,090,842	18,773,516	-	-	18,773,516	13
14	Total Gas Sales	$353,484,239	$ 73,159,000	$ 20,991,808*	$405,691,431	$371,391,130	$ 88,207,000	$ 32,930,215*	$426,867,915	$376,392,398	$ 89,039,000	$ 33,782,454*	$431,668,944	$371,748,677	$ 89,454,000	$ 34,176,666*	$427,026,011	14
15	Extracted Products Sales	36,304,996	1,050,221	220,000*	37,135,177	38,089,314	2,116,135	220,000*	39,985,449	38,372,309	2,217,224	220,000*	40,369,533	37,877,394	2,267,770	220,000*	39,925,164	15
16	Other Operating Revenues	6,733,784	130,000	162,000*	6,701,784	6,681,487	130,000	162,000*	6,649,487	6,681,487	130,000	162,000*	6,649,487	6,699,611	130,000	162,000*	6,667,611	16
17	Total Operating Revenues	$396,523,019	$ 74,339,221	$ 20,973,808*	$449,888,392	$416,162,131	$ 90,453,135	$ 33,312,215*	$473,493,051	$421,446,194	$ 91,386,224	$ 34,144,454*	$478,687,964	$416,317,938	$ 91,851,770	$ 34,338,666*	$473,830,942	17
	Expenses																	
18	Cost of Gas	$166,828,447	$ 36,997,941	$ 20,991,808*	$182,834,580	$160,773,133	$ 39,988,253	$ 32,930,215*	$167,831,193	$163,296,090	$ 40,074,330	$ 33,782,454*	$169,605,926	$162,614,906	$ 40,330,907	$ 34,176,666*	$168,768,747	18
19	Exploration and Development	5,200,000	468,140	-	5,668,140	5,200,000	470,000	-	5,670,000	5,200,000	465,000	-	5,665,000	5,200,000	465,000	-	5,665,000	19
20	Field Handling Expenses - Operation and Maintenance	57,340,122	9,211,866	220,000*	66,331,988	57,876,625	8,220,279	220,000*	66,876,904	58,099,870	8,512,283	220,000*	66,348,153	57,721,275	8,780,892	220,000*	66,282,097	20
21	Transmission Expenses - Operation and Maintenance	23,681,402	3,737,686	162,000*	27,257,088	24,398,709	4,064,559	162,000*	28,325,268	24,534,986	4,099,315	162,000*	28,462,301	24,991,103	4,113,080	162,000*	28,942,183	21
22	Sales Promotion	339,679	-	-	339,679	339,679	-	-	339,679	339,679	-	-	339,679	339,679	-	-	339,679	22
23	Administrative and General	12,060,280	3,967,887	-	16,028,167	12,082,087	4,086,112	-	16,168,199	12,082,087	4,086,112	-	16,168,199	12,082,087	4,086,112	-	16,168,199	23
24	Depreciation, Depletion and Amortization	47,430,643	10,398,689	-	57,778,670	47,542,080	11,222,776	-	58,764,856	47,664,039	11,900,948	-	59,564,987	47,601,595	11,719,380	-	59,320,915	24
25	Taxes, Other than Federal Income Tax	14,771,888	2,911,341	-	17,683,229	14,466,987	3,043,147	-	17,510,134	14,476,621	3,036,887	-	17,513,508	14,409,033	3,010,451	-	17,419,484	25
26	Sub Total	$307,094,819	$ 63,196,308	$ 20,973,808*	$349,317,113	$323,673,342	$ 71,125,126	$ 33,312,215*	$360,486,233	$325,617,312	$ 71,774,868	$ 34,144,454*	$363,247,726	$324,959,196	$ 72,505,797	$ 34,338,666*	$362,506,287	26
27	Other Income	1,394,438	37,500	-	1,381,938	1,331,238	36,500	-	1,369,738	1,311,166	28,500	-	1,339,666	1,287,236	28,500	-	1,315,736	27
28	Sub Total	$308,489,381	$ 63,158,808	$ 20,973,808*	$350,674,381	$325,004,580	$ 71,088,626	$ 33,312,215*	$362,780,991	$326,928,478	$ 71,746,368	$ 34,144,454*	$364,530,392	$326,246,432	$ 72,477,297	$ 34,338,666*	$363,822,023	28
	Other Deductions																	
29	Interest	$ 31,389,435	$ 6,936,814	$ -	$ 38,326,249	$ 26,553,201	$ 6,304,128	$ -	$ 32,857,329	$ 26,385,472	$ 7,999,976	$ -	$ 34,385,448	$ 24,498,827	$ 9,408,473	$ -	$ 33,907,300	29
30	Amortization of Debt Expense and Premium (Net)	271,616	122,563	-	394,179	165,681	114,104	-	279,785	160,379	106,981	-	267,356	153,994	100,115	-	254,109	30
31	Interest Charged to Construction - Credit	23,181	174,760	-	197,941	-	148,760	-	148,760	-	122,580	-	122,580	-	121,800	-	121,800	31
32	Miscellaneous Other Deductions	126,000	-	-	126,000	126,000	-	-	126,000	126,000	-	-	126,000	126,000	-	-	126,000	32
33	Total Other Deductions	$ 31,489,888	$ 6,434,637	$ -	$ 38,054,525	$ 26,844,882	$ 6,569,492	$ -	$ 33,414,374	$ 26,671,847	$ 7,980,377	$ -	$ 34,652,224	$ 24,778,821	$ 7,388,788	$ -	$ 32,166,609	33
34	Total Expenses and Other Deductions	$339,569,713	$ 71,633,545	$ 20,973,808*	$389,729,250	$350,169,978	$ 79,560,120	$ 33,312,215*	$396,417,883	$353,599,011	$ 79,726,745	$ 34,144,454*	$399,182,302	$348,049,987	$ 79,866,085	$ 34,338,666*	$393,577,406	34
35	Net Income Before Provision for Federal Income Tax	$ 56,953,306	$ 1,705,676	$ -	$ 60,158,842	$ 66,192,152	$ 11,093,015	$ -	$ 77,285,167	$ 72,847,183	$ 11,659,479	$ -	$ 84,506,662	$ 68,267,951	$ 11,985,685	$ -	$ 80,253,636	35
	Provision for Federal Income Tax																	
36	Provision for Current Year	$ 19,413,488			$ 19,413,488	$ 30,779,999	$ 3,307,696		$ 33,487,594	$ 34,098,184	$ 4,204,107		$ 38,241,226	$ 34,274,280	$ 4,798,397		$ 39,074,677	36
37	Provision for Deferred Federal Income Tax	$ 1,824,776	$ 84,294		1,909,070	4,436,814	1,784,732		6,221,546	4,748,987	1,392,853		6,141,840	1,808,925	981,719		2,790,644	37
38	Total Provision for Federal Income Tax	$ 21,238,264	$ 84,294		$ 21,322,558	$ 35,216,813	$ 5,092,428		$ 39,709,240	$ 38,847,171	$ 5,596,960		$ 44,444,131	$ 36,083,205	$ 5,780,116		$ 41,865,321	38
39	Net Income	$ 35,715,042	$ 1,621,382		$ 38,836,284	$ 30,975,339	$ 6,000,587		$ 37,575,927	$ 34,000,012	$ 6,062,519		$ 40,062,531	$ 32,184,746	$ 6,205,569		$ 38,387,915	39
40	Provision for Dividends on Preferred Stock	7,791,240			7,791,240	7,088,786			7,088,786	6,843,012			6,843,012	4,628,589			4,628,589	40
41	Net Income After Provision for Preferred	$ 27,923,802	$ 1,621,382		$ 31,045,044	$ 23,886,553	$ 6,000,587		$ 30,487,141	$ 27,156,996	$ 6,062,519		$ 33,219,519	$ 27,556,156	$ 6,205,569		$ 33,759,326	41

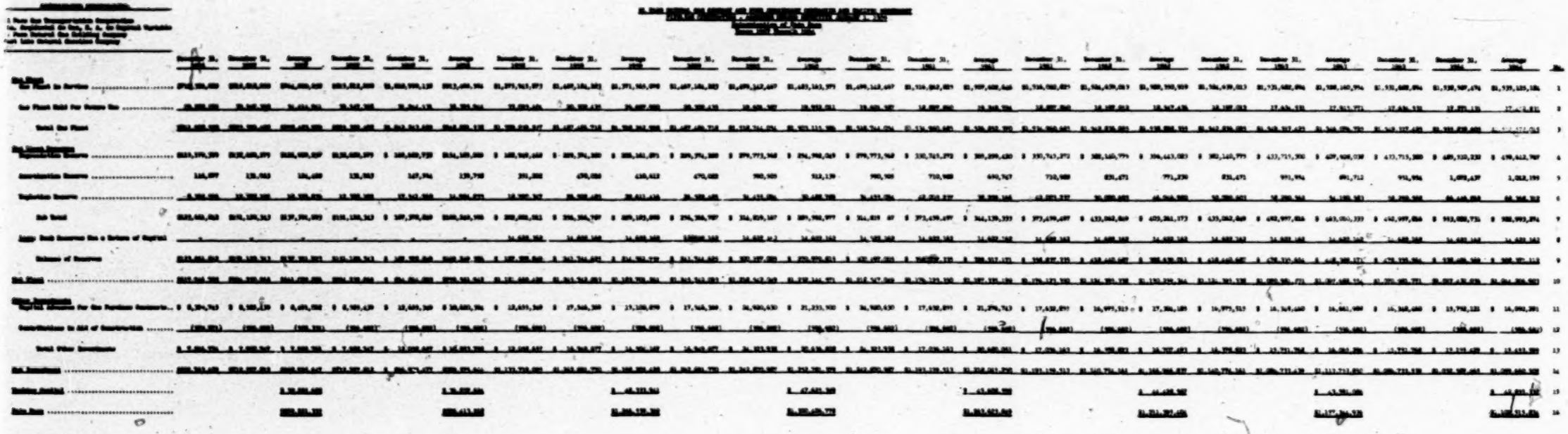
Docket No. G-13019
Exhibit
Schedule No.
Sheet 9 of 5
Witness

EL PASO NATURAL GAS COMPANY AND FIVE SUBSIDIARY COMPANIES
AND PACIFIC NORTHWEST PIPELINE CORPORATION
ASSUMING REFUNDS EFFECTIVE JANUARY 1, 1959
Effect Upon Net Income If the Rates Applied For in Docket
No. G-12948 Were Not in Effect for Assumed
Calendar Years 1958 through 1964

CONSOLIDATED SUBSIDIARIES:

1. El Paso Gas Transportation Corporation
2. Cia. Occidental de Gas, S.A. de Capital Variable
3. El Paso Natural Gas Building Company
4. West Lake Natural Gasoline Company

Line No.		1958	1959	1960	1961	1962	1963	1964	Line No.
	If the revenues had not been increased as a result of the increased rates filed in Docket No. G-12948, the effect on Net Income would be as follows:								
1	Gross Revenues would be Reduced by.....	$20,662,391	$23,773,195	$24,878,737	$24,451,311	$24,588,133	$24,761,731	$25,274,597	1
2	Net Income would be Reduced by.....	$14,735,128	$20,626,702	$ 6,117,901	$ 8,097,336	$11,232,676	$11,515,232	$11,851,806	2



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Docket No. G-13012
Exhibit
Schedule No. ____
Sheet 5 of 9
Witness ____

PACIFIC NORTHWEST PIPELINE CORPORATION
Determination of Rate Base
Years 1957 and 1958

Line No.		December 31, 1956	December 31, 1957	Average 1957	December 31, 1957	December 31, 1958	Average 1958
	Gas Plant						
1	Gas Plant in Service	$208,015,976	$226,701,873	$216,358,924	$226,701,873	$264,946,735	$245,824,304
2	Gas Plant Held for Future Use	2,115,[illegible]	2,316,321	2,216,439	2,316,321	1,868,873	2,082,597
3	Total	$208,131,338	$229,018,194	$218,575,363	$229,018,194	$266,795,608	$247,906,901
	Gas Plant Reserves						
4	Depreciation Reserve	$ 397,503	$ 4,889,517	$ 2,643,510	$ 4,889,517	$ 13,299,727	$ 9,072,622
5	Amortization Reserve	-	100,493	50,246	100,493	203,648	152,071
6	Depletion Reserve	-	347,352	173,676	347,352	1,158,787	753,069
7	Sub Total	$ 397,503	$ 5,333,362	$ 2,865,432	$ 5,333,362	$ 14,662,162	$ 9,977,762
8	Less: Book Reserves - Not a Return of Capital	397,503	5,333,362	2,865,432	5,333,362	14,662,162	9,977,762
9	Balance	$ -	$ -	$ -	$ -	$ -	$ -
10	Net Investment	$208,131,338	$229,018,194	$218,575,363	$229,018,194	$266,795,608	$247,906,901
11	Working Capital			$ 7,848,128			$ 10,929,359
12	Rate Base			$226,423,491			$258,836,260

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7334

Line No.		Consolidated	El Paso Natural Gas Company	Pacific Northwest Pipeline Corporation	El Paso Gas Transportation Corporation	El Paso Natural Gas Building Company	Utah Natural Gas Company	West Lake Natural Gasoline Company	New Mexico Western Oil and Gas Company	Southwest Investment Corporation	Pacific Northwest Realty Corporation	El Paso Natural Gas Products Company	El Paso - Venezuela Company	El Paso Products Pipeline Company	Line No.
1	Net Income Per Books	[illegible]	[illegible]	$ 300,000	$ 5,000	$ 189,632	$ 211,632	$ 12,000	$ 20,000	$ (185,100)	$ 63,329	$(1,101,000)	$ (367,000)	$ -	1
2	Add (Subtract): Intangible Drilling Cost	[illegible]	[illegible]	$ 1,000,000	$ -	$ -	$ -	$ -	$ 200,000	$ -	$ -	$ 1,831,000	$ 600,000	$ -	2
3	Texas Charged Contribution	2,000,000	1,437,969	1,437,687	-	-	-	-	-	-	40,000	70,000	-	9,000	3
4	Interest Charged Construction	4,000,000	3,000,750	511,840	-	-	-	-	-	-	99,210	330,000	-	120,000	4
5	Excess Tax (Book) Depreciation	[illegible]	3,000	(800,700)	(3,473)	(3,000)	40,333	-	-	-	6,230	(478,876)	600	44,809	5
6	Excess Tax (Book) Depletion	[illegible]	[illegible]	(112,607)	-	-	-	-	-	-	-	(290,000)	-	-	6
7	Adjustment of Current Interest Production	200,000	200,000	-	-	-	-	-	-	-	-	-	-	-	7
8	Dividend Received Deduction	200,000	115,000	-	-	-	-	-	-	-	-	170,000	-	-	8
9	Amortization of Debt Expense and Premium - Net	90,000	90,000	-	-	-	-	-	-	-	-	-	-	-	9
10	Excess Tax (Book) Abandoned Lease Cost	(1,000,000)	(1,000,000)	-	-	-	-	-	-	-	-	-	-	-	10
11	Total Additions	[illegible]	[illegible]	$ 2,437,432	$ (3,473)	$ (3,000)	$ 40,333	$ -	$ 200,000	$ -	$ 105,440	$ 1,440,124	$ 600,000	$ 173,809	11
12	Net Taxable Income - Straight Line Depreciation Basis Before Loss Carryover	[illegible]	[illegible]	$ (5,529,230)	$ 8,756	$ 198,987	$ 172,089	$ 10,000	$ (173,391)	$ (185,100)	$ (42,199)	$(1,756,124)	$ (967,600)	$ (169,829)	12
13	Excess of Declining Balance Depreciation - Current Year	[illegible]	[illegible]	(4,000,150)	(1,990)	(39,347)	(40,969)	-	-	-	(31,250)	(1,468,011)	(44,969)	(202,290)	13
14	Net Taxable Income - Declining Balance Depreciation Basis Before Loss Carryover	[illegible]	[illegible]	$(11,738,380)	$ 6,766	$ 159,640	$ 156,140	$ 10,000	$ (173,391)	$ (185,100)	$ (73,509)	$(3,468,135)	$ (998,608)	$ (371,122)	14
15	Pacific's Pre 1957 Loss Carryover on Declining Balance Depreciation Basis	-	-	-	-	-	-	-	-	-	-	-	-	-	15
16	Consolidated Loss Carryover on Declining Balance Depreciation Basis	-	-	-	-	-	-	-	-	-	-	-	-	-	16
17	Net Taxable Income - Declining Balance Depreciation Basis	[illegible]	[illegible]	$(11,738,380)	$ 6,766	$ 159,640	$ 156,140	$ 10,000	$ (173,391)	$ (185,100)	$ (73,509)	$(3,468,135)	$ (998,608)	$ (371,122)	17
18	Consolidated Tax - Current @ 52% Rate	None													18
19	@ 38 Rate	None													19
20	Total	None													20
	Computation of Deferred Tax														
	Net Taxable Income - Straight Line Depreciation Basis														
21	Net Taxable Income - Straight Line Depreciation Basis	[illegible]	[illegible]	$(5,529,230)	$ 8,756	$ 198,987	$ 172,089	$ 10,000	$ (173,391)	$ (185,100)	$ (42,199)	$(1,756,124)	$ (967,600)	$ (169,829)	21
22	Pacific's Pre 1957 Loss Carryover on Straight Line Depreciation Basis	-	-	-	-	-	-	-	-	-	-	-	-	-	22
23	Consolidated Loss Carryover on Straight Line Depreciation Basis	-	-	-	-	-	-	-	-	-	-	-	-	-	23
24	Net Taxable Income on Straight Line Depreciation Basis After Loss Carryover	[illegible]	[illegible]	$(5,529,230)	$ 8,756	$ 198,987	$ 172,089	$ 10,000	$ (173,391)	$ (185,100)	$ (42,199)	$(1,756,124)	$ (967,600)	$ (169,829)	24
25	Taxable Income on Declining Balance Depreciation Basis Net Taxable Income - Declining Balance Depreciation Basis After Loss Carryover (See Above Computation)	[illegible]	[illegible]	$(11,738,380)	$ 6,766	$ 159,640	$ 156,140	$ 10,000	$ (173,391)	$ (185,100)	$ (73,509)	$(3,468,135)	$ (998,608)	$ (371,122)	25
26	Excess of Declining Balance Depreciation which Reduced Consolidated Income	[illegible]	$ 5,429,130	$ 1,990	$ 39,347	$ 40,969	$ -	$ -	$ -	$ -	$ 31,250	$ 1,468,011	$ 44,969	$ 202,290	26
27	Unused Portion of Excess Declining Balance Depreciation	[illegible]													27
28	Excess of Declining Balance Depreciation which Reduced Consolidated Income	[illegible]													28
29	Consolidated Tax - Net Deferred @ 52% Rate	[illegible]													29
	Allocation of Current Tax														
30	Net Taxable Income - Declining Balance Depreciation Basis	[illegible]	[illegible]	$(11,738,380)	$ 6,766	$ 159,640	$ 156,140	$ 10,000	$ (173,391)	$ (185,100)	$ (73,509)	$(3,468,135)	$ (998,608)	$ (371,122)	30
31	Distribution of Losses to Respective Parents	-	(173,391)	(250,689)	-	-	-	-	173,391	185,100	73,509	(1,367,530)	998,608	371,122	31
32	Distribution of Unused Subsidiary Parent Losses to El Paso	-	(10,766,340)	11,997,077	-	-	-	-	-	-	-	6,789,665	-	-	32
33	Net Taxable Income for Allocation of Current Tax	[illegible]	[illegible]	$ -	$ 6,766	$ 159,640	$ 156,140	$ 10,000	$ -	$ -	$ -	$ -	$ -	$ -	33
34	Current Tax - @ 52% Rate	None													34
35	- @ 38 Rate	None													35
	Allocation of of Deferred Tax														
36	Excess of Declining Balance Depreciation which Reduced Consolidated Income	[illegible]	$ 5,429,130	$ 6,209,156	$ 1,990	$ 39,347	$ 40,969	$ -	$ -	$ -	$ 31,250	$ 1,468,011	$ 44,969	$ 209,290	36
37	Distribution of Unused Deduction to Respective Parents	-	-	31,250	-	-	-	-	-	-	(31,250)	230,311	(44,969)	(209,290)	37
38	Distribution of Unused Deduction from Subsidiary Parents to El Paso	-	4,139,440	(6,240,406)	-	-	-	-	-	-	-	(1,698,322)	-	-	38
39	Excess of Declining Balance Depreciation which Reduced Income	[illegible]	[illegible]	$ -	$ 1,990	$ 39,347	$ 40,969	$ -	$ -	$ -	$ -	$ -	$ -	$ -	39
40	Unused Portion of Excess Declining Balance Depreciation	[illegible]	[illegible]												40
41	Excess of Declining Balance Depreciation which Reduced Taxes for Allocation of Deferred Tax	[illegible]	[illegible]	$ -	$ 1,990	$ 39,347	$ 40,969	$ -	$ -	$ -	$ -	$ -	$ -	$ -	41
42	Deferred Tax - Net @ 52% Rate	[illegible]	[illegible]	$ -	$ 1,035	$ 20,461	$ 8,611	$ -	$ -	$ -	$ -	$ -	$ -	$ -	42
	Summary of All Provisions														
43	Current Tax	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	43
44	Deferred Tax - Net	[illegible]	[illegible]	-	1,035	20,461	8,611	-	-	-	-	-	-	-	44
45	Total	[illegible]	[illegible]	$ -	$ 1,035	$ 20,461	$ 8,611	$ -	$ -	$ -	$ -	$ -	$ -	$ -	45
	Summary of El Paso and Its Subsidiaries														
46	Current Tax	$ -	$ -	$ -	$ -	$ -									46
47	Deferred Tax - Net	[illegible]	[illegible]	-	1,035	20,461									47
48	Total	[illegible]	[illegible]	$ -	$ 1,035	$ 20,461									48

EL PASO NATURAL GAS COMPANY
Computation for Estimated Income Tax for Year 1959
Per Companies Filing as Consolidated Subsidy Associates Members of El Paso and Pacific Northwest Pipeline Corporation
Effective January 1, 1959 After Excess Profits Tax Exclusion pursuant to Sections 6.1(a)(2), 6.1(a)(3) and 6.1(a)(4)

Line No.		Consolidated	El Paso Natural Gas Company	Pacific Northwest Operating Division	Total El Paso Natural Gas Company	El Paso Gas Transportation Corporation	El Paso Natural Gas Building Company	Utah Natural Gas Company	West Lake Natural Gasoline Company	New Mexico Western Oil and Gas Company	West Coast Investment Corporation	Pacific Northwest Realty Corporation	El Paso Natural Gas Products Company	El Paso - Venezuela Company	El Paso Products Pipeline Company	Line No.
1	Net Income Per Books	$ 30,334,437	$ 30,334,981	$ 961,481	$ 30,668,388	$ 11,138	$ 198,541	$ 217,432	$ 10,000	$ 26,609	$ (185,000)	$ 127,323	$ (347,000)	$ (419,000)	$ -	1
2	Tax Adjustments: Intangible Drilling Cost	$ 18,687,964	$ 11,836,971	$ 4,364,073	$ 16,182,964	$ -	$ -	$ -	$ -	$ 200,000	$ -	$ -	$ 2,000,000	$ 300,000	$ -	2
3	Taxes Charged Construction	1,308,986	1,178,986	100,000	1,278,986	-	-	-	-	-	-	-	30,000	-	-	3
4	Interest Charged Construction	3,837,522	3,446,972	229,950	3,676,922	-	-	-	-	-	-	-	149,000	-	-	4
5	Income Tax (Book) Depreciation	(1,364,347)	(60,902)	(815,187)	(876,089)	(3,397)	(3,309)	40,104	-	-	-	12,900	(647,355)	921	112,179	5
6	Income Tax (Book) Depletion	(3,299,474)	(2,348,346)	(525,228)	(2,873,574)	-	-	-	-	-	-	-	(382,000)	-	-	6
7	Adjustment of Carried Interest Production	229,000	229,000	-	229,000	-	-	-	-	-	-	-	-	-	-	7
8	Dividend Received Deduction	231,750	115,000	-	115,000	-	-	-	-	-	-	-	116,750	-	-	8
9	Amortization of Debt Expense and Premium - Net	61,654	61,654	-	61,654	-	-	-	-	-	-	-	-	-	-	9
10	Income Tax (Book) Abandoned Lease Cost	(400,000)	(400,000)	-	(400,000)	-	-	-	-	-	-	-	-	-	-	10
11	Total Deductions	$ 19,427,555	$ 14,059,854	$ 3,349,608	$ 17,409,462	$ (3,397)	$ (3,309)	$ 40,104	$ -	$ 200,000	$ -	$ 12,900	$ 1,366,395	$ 300,921	$ 112,179	11
12	Net Taxable Income - Straight Line Depreciation Basis Before Loss Carryover	$ 30,896,482	$ 26,070,047	$ (2,788,127)	$ 23,281,920	$ 14,535	$ 201,746	$ 173,328	$ 10,000	$ (173,391)	$ (185,000)	$ 114,423	$ (1,709,395)	$ (719,921)	$ (112,179)	12
13	Excess of Declining Balance Depreciation - Current Year	(22,759,243)	(14,234,405)	(3,606,835)	(19,929,240)	(1,706)	(51,712)	(12,444)	-	-	-	(10,773)	(1,263,261)	(47,362)	(343,905)	13
14	Net Taxable Income - Declining Balance Depreciation Basis Before Loss Carryover	$ 8,181,297	$ 21,835,642	$ (6,480,962)	$ 13,352,680	$ 12,851	$ 150,034	$ 160,872	$ 10,000	$ (173,391)	$ (185,000)	$ 99,650	$ (3,972,656)	$ (767,283)	$ (456,100)	14
15	Pacific's Pre 1957 Loss Carryover on Declining Balance Depreciation Basis	(8,181,297)	-	(8,181,297)	(8,181,297)	-	-	-	-	-	-	-	-	-	-	15
16	Consolidated Loss Carryover on Declining Balance Depreciation Basis	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16
17	Net Taxable Income - Declining Balance Depreciation Basis	$ -	$ 21,835,642	$(14,662,259)	$ 5,171,423	$ 12,851	$ 150,034	$ 160,872	$ 10,000	$ (173,391)	$ (185,000)	$ 99,650	$ (3,972,656)	$ (767,283)	$ (456,100)	17
18	Consolidated Tax - Current @ 52% Rate	None														18
19	@ 25 Rate	None														19
20	Total	None														20
	Computation of Deferred Tax:															
	Taxable Income on Straight Line Depreciation Basis															
21	Net Taxable Income - Straight Line Depreciation Basis	$ 30,896,482			$ 23,281,920	$ 14,535	$ 201,746	$ 173,328	$ 10,000	$ (173,391)	$ (185,000)	$ 114,423	$ (1,709,395)	$ (719,921)	$ (112,179)	21
22	Pacific's Pre 1957 Loss Carryover on Straight Line Depreciation Basis	(22,899,243)			(22,899,243)	-	-	-	-	-	-	-	-	-	-	22
23	Consolidated Loss Carryover on Straight Line Depreciation Basis	-			-	-	-	-	-	-	-	-	-	-	-	23
24	Net Taxable Income on Straight Line Depreciation Basis After Loss Carryover	$ 8,041,239			$ 382,677	$ 14,535	$ 201,746	$ 173,328	$ 10,000	$ (173,391)	$ (185,000)	$ 114,423	$ (1,709,395)	$ (719,921)	$ (112,179)	24
25	Taxable Income on Declining Balance Depreciation Basis Net Taxable Income - Declining Balance Depreciation Basis After Loss Carryover (See Above Computation)	-			5,171,423	12,851	150,034	160,872	10,000	(173,391)	(185,000)	99,650	(3,972,656)	(767,283)	(456,100)	25
26	Excess of Declining Balance Depreciation Which Reduced Consolidated Taxes	$ 8,041,239			$ 5,171,423	$ 1,706	$ 51,712	$ 13,444	$ -	$ -	$ -	$ 99,773	$ 2,263,261	$ 47,362	$ 343,921	26
27	Consolidated Tax - Net Deferred @ 52% Rate	$ 4,181,444														27
	Allocation of Current Tax:															
28	Net Taxable Income - Declining Balance Depreciation Basis	$ -			$ 5,171,423	$ 12,851	$ 150,034	$ 160,872	$ 10,000	$ (173,391)	$ (185,000)	$ 99,650	$ (3,972,656)	$ (767,283)	$ (456,100)	28
29	Distribution of Losses to Respective Parents	-			(798,391)	-	-	-	-	173,391	185,000	-	(1,229,383)	767,283	456,100	29
30	Distribution of Unpaid Subsidiary Parent Losses to El Paso	-			(4,373,032)	-	-	-	-	-	-	-	4,373,039	-	-	30
31	Net Taxable Income for Allocation of Current Tax	$ -			$ (100,000)	$ 12,851	$ 150,034	$ 160,872	$ 10,000	$ -	$ -	$ 99,650	$ -	$ -	$ -	31
32	Current Tax - @ 52% Rate	None														32
33	@ 25 Rate	None														33
	Allocation of Deferred Tax:															
34	Excess of Declining Balance Depreciation Which Reduced Consolidated Taxes	$ 8,041,239			$ 5,299,254	$ 1,706	$ 51,712	$ 13,444	$ -	$ -	$ -	$ 99,773	$ 2,263,261	$ 47,362	$ 343,921	34
35	Distribution of Unpaid Deduction to Respective Parents	-			-	-	-	-	-	-	-	-	397,287	(47,362)	(343,921)	35
36	Distribution of Unpaid Deduction from Subsidiary Parents to El Paso	-			2,660,568	-	-	-	-	-	-	-	(2,660,568)	-	-	36
37	Excess of Declining Balance Depreciation Which Reduced Taxes for Allocation of Deferred Tax	$ 8,041,239			$ 7,959,822	$ 1,706	$ 51,712	$ 13,444	$ -	$ -	$ -	$ 99,773	$ -	$ -	$ -	37
38	Deferred Tax - Net @ 52% Rate	$ 4,181,444			$ 4,138,107	$ 886	$ 26,890	$ 6,991	$ -	$ -	$ -	$ 51,882	$ -	$ -	$ -	38
	Summary of Tax Allocation															
39	Current Tax	$ -			$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	39
40	Deferred Tax - Net	4,181,444			4,138,107	886	26,890	6,991	-	-	-	51,882	-	-	-	40
41	Total	$ 4,181,444			$ 4,138,107	$ 886	$ 26,890	$ 6,991	$ -	$ -	$ -	$ 51,882	$ -	$ -	$ -	41
	Summary of El Paso and Tax Subsidiaries															
42	Current Tax	$ -			$ -	$ -	$ -									42
43	Deferred Tax - Net	4,181,444			4,138,107	886	26,890									43
44	Total	$ 4,181,444			$ 4,138,107	$ 886	$ 26,890									44

1. El Paso Gas Transportation Corporation
2. Cia. Occidental de Gas, S.A. de Capital Variable
3. El Paso Natural Gas Building Company
4. West Lake Natural Gasoline Company

Line No.		1957 El Paso Natural Gas Company and Four Subsidiary Companies	1957 Pacific Northwest Pipeline Corporation	1957 Consolidating Adjustments	1957 Consolidated	1958 El Paso Natural Gas Company and Four Subsidiary Companies	1958 Pacific Northwest Pipeline Corporation	1958 Consolidating Adjustments	1958 Consolidated	1959 El Paso Natural Gas Company and Four Subsidiary Companies	1959 Pacific Northwest Operating Division	1959 Inter-Division Adjustments	1959 Total El Paso Natural Gas Company and Four Subsidiary Companies	1960 El Paso Natural Gas Company and Four Subsidiary Companies	1960 Pacific Northwest Operating Division	1960 Inter-Division Adjustments	1960 Total El Paso Natural Gas Company and Four Subsidiary Companies	Line No.
	Operating Revenues																	
	Sales Other than to California Companies																	
1	Copper and Smelting	$ 9,075,340	$ -	$ -	$ 9,075,340	$ 10,039,341	$ -	$ -	$ 10,039,341	$ 10,616,536	$ -	$ -	$ 10,616,536	$ 10,786,696	$ -	$ -		1
2	Other Industrial	1,298,644	4,168,343	-	5,466,987	1,387,000	4,687,000	-	6,184,000	1,693,504	6,780,000	-	7,473,504	1,952,420	6,920,000	-		2
3	Public Utilities for Power	10,369,000	-	-	10,369,000	11,179,000	-	-	11,179,000	12,362,688	-	-	12,362,688	14,394,181	-	-		3
4	Public Utilities for Resale	30,334,235	30,750,198	5,034,389*	56,050,044	31,788,317	53,249,000	8,433,931*	76,939,386	37,028,385	60,160,000	8,779.107*	88,377,278	38,697,211	44,435,000	20,490,222*	62,641,989	4
5	Other Sales	2,875,491	145,958	-	3,019,449	1,488,346	-	-	1,488,346	1,341,589	-	-	1,341,589	1,027,268	-	-	1,027,268	5
6	Total Sales Other than to California Companies	$ 53,854,710	$ 35,064,344	$ 5,034,389*	$ 83,854,665	$ 57,882,683	$ 57,936,000	$ 8,433,931*	$107,384,752	$ 64,390,614	$ 66,940,000	$ 8,779.107*	$122,550,507	$ 68,857,776	$ 71,455,000	$ 20,490,222*	$119,822,554	6
	Sales to California Companies																	
	Public Utilities for Power																	
7	Southern California Edison Company	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 10,339,788	$ -	$ -	$ 10,339,788	$ 10,384,661	$ -	$ -	$ 10,384,661	7
	Public Utilities for Resale																	
8	Southern California	$ 80,961,378	$ -	$ -	$ 80,961,378	$ 99,631,747	$ -	$ -	$ 99,631,747	$102,382,000	$ -	$ -	$102,382,000	$132,106,718	?	$ -	$132,106,718	8
9	Northern California	75,348,960	-	-	75,348,960	83,813,311	-	-	83,813,311	100,083,000	-	-	100,083,000	130,457,665	-	-	130,457,665	9
10	Total Public Utilities for Resale	$156,310,338	$ -	$ -	$156,310,338	$183,445,058	$ -	$ -	$183,445,058	$202,465,000	$ -	$ -	$202,465,000	$262,564,383	$ -	$ -	$262,564,383	10
11	Total Sales to California Companies	$156,310,338	$ -	$ -	$156,310,338	$183,445,058	$ -	$ -	$183,445,058	$212,804,788	$ -	$ -	$212,804,788	$272,949,044	$ -	$ -	$272,949,044	11
12	Sub Total	$209,770,048	$ 35,064,344	$ 5,034,389*	$239,730,403	$241,327,741	$ 57,936,000	$ 8,433,931*	$290,830,180	$277,195,402	$ 66,940,000	$ 8,779.107*	$335,354,295	$341,806,820	$ 71,455,000	$ 20,490,222*	$392,771,598	12
13	Provision for Increased Revenues that will Result from Increased Gas Costs Included Herein	-	-	-	-	-	-	-	-	17,941,056	-	-	17,941,056	16,134,173	-	-	16,134,173	13
14	Total Gas Sales	$209,770,048	$ 35,064,344	$ 5,034,389*	$239,730,403	$241,327,741	$ 57,936,000	$ 8,433,931*	$290,830,180	$295,268,446	$ 66,940,000	$ 8,779.107*	$353,295,339	$357,940,993	$ 71,455,000	$ 20,490,222*	$408,905,771	14
15	Extracted Products Sales	24,497,794	1,995,343	189,000*	26,304,137	26,388,989	1,361,603	200,000*	27,550,592	32,079,241	1,308,018	220,000*	33,166,259	33,679,461	1,109,440	220,000*	34,568,901	15
16	Other Operating Revenues	5,130,841	323,648	156,389*	5,298,100	4,814,744	138,000	162,000*	4,790,744	4,844,000	138,000	162,000*	4,820,000	4,853,000	138,000	162,000*	4,829,000	16
17	Total Operating Revenues	$239,398,683	$ 37,383,335	$ 5,379,778*	$271,402,240	$272,531,474	$ 59,435,603	$ 8,795,931*	$323,171,146	$337,312,687	$ 68,386,018	$ 9,161.107*	$396,537,598	$400,473,454	$ 72,702,440	$ 20,872,222*	$452,303,672	17
	Expenses																	
18	Cost of Gas	$ 92,997,331	$ 13,984,089	$ 5,034,389*	$ 81,947,031	$ 88,884,851	$ 27,750,835	$ 8,433,931*	$108,198,115	$110,954,734	$ 30,984,344	$ 8,779.107*	$134,159,971	$137,361,444	$ 34,977,667	$ 20,490,222*	$151,848,889	18
19	Exploration and Development	8,099,613	441,047	-	8,440,660	8,998,000	491,000	-	9,489,000	9,998,000	496,000	-	10,494,000	9,994,000	479,000	-	10,473,000	19
20	Field Gathering Expenses - Operation and Maintenance	37,345,136	4,821,499	189,139*	41,977,496	42,287,000	5,036,454	200,000*	47,123,454	50,063,534	5,771,671	220,000*	55,615,205	57,881,198	5,179,884	220,000*	62,841,082	20
21	Transmission Expenses - Operation and Maintenance	14,398,340	1,984,346	138,198*	16,244,488	15,793,000	2,988,000	160,000*	18,621,000	18,804,701	3,196,339	160,000*	21,841,040	23,881,342	3,991,018	160,000*	27,712,360	21
22	Sales Promotion	325,732	10	-	325,742	339,679	-	-	339,679	339,679	-	-	339,679	339,679	-	-	339,679	22
23	Administrative and General	10,899,699	2,388,488	-	13,288,187	10,387,774	2,782,438	-	13,170,190	11,385,547	3,563,634	-	15,189,159	12,089,287	3,788,626	-	15,877,913	23
24	Depreciation, Depletion and Amortization	39,594,298	4,498,894	-	34,093,192	39,988,998	5,090,160	-	44,979,071	43,659,884	9,849,090	-	53,504,116	47,508,628	10,088,092	-	57,596,720	24
25	Taxes, Other than Federal Income Tax	6,388,334	2,363,188	-	10,668,488	8,447,448	2,557,844	-	11,005,292	14,488,941	2,884,770	-	14,744,711	14,338,523	4,888,488	-	19,227,011	25
26	Sub Total	$181,634,487	$ 30,698,598	$ 5,397,658*	$208,175,850	$208,438,051	$ 50,734,303	$ 8,793,931*	$250,376,823	$277,990,979	$ 58,221,248	$ 9,197.107*	$307,014,762	$324,217,893	$ 66,992,478	$ 20,870,222*	$378,240,109	26
27	Other Income	1,288,868	2,685,738	2,138,478*	1,836,128	1,138,886	1,138,750	2,844,288*	1,391,348	1,188,784	67,564	-	1,256,348	1,341,271	56,250	-	1,397,521	27
28	Sub Total	$183,343,427	$ 27,788,860	$ 3,259,180*	$208,011,707	$209,576,937	$ 51,873,053	$ 5,948,357*	$251,768,173	$279,179,763	$ 58,153,784	$ 9,197.107*	$328,131,110	$325,559,164	$ 66,948,228	$ 20,870,222*	$379,637,630	28
	Other Deductions																	
29	Interest	$ 21,058,260	$ 9,739,853	$ 458,478*	$ 30,339,691	$ 27,998,133	$ 9,125,484	$ -	$ 37,083,598	$ 33,358,260	$ 8,987,985	$ -	$ 42,320,254	$ 33,254,913	$ 8,853,484	$ -	$ 41,890,377	29
30	Amortization of Debt Expense and Premium (Net)	119,438	788,872	-	910,680	164,873	193,984	-	358,857	176,197	140,708	-	316,865	176,996	131,468	-	308,438	30
31	Interest Charged to Construction - Credit	2,649,539	489,436	-	3,138,988	3,680,792	915,840	-	4,596,592	3,465,778	225,000	-	3,690,922	588,201	199,960	-	778,161	31
32	Miscellaneous Other Deductions	243,943	-	-	243,943	126,000	-	-	126,000	126,000	-	-	126,000	126,000	-	-	126,000	32
33	Minority Interest in Net Income - Loss of Pacific Northwest Pipeline Corporation	-	-	1,458*	1,458*	-	-	131	131	-	-	-	-	-	-	-	-	33
34	Total Other Deductions	$ 18,348,280	$ 9,488,358	$ 458,478*	$ 27,348,660	$ 31,988,313	$ 8,888,308	$ 131	$ 33,465,941	$ 36,187,834	$ 8,888,343	$ -	$ 39,076,177	$ 33,973,488	$ 8,540,888	$ -	$ 42,514,376	34
35	Total Expenses and Other Deductions	$199,891,767	$ 37,487,458	$ 3,801,178*	$235,580,447	$241,564,996	$ 59,988,151	$ 5,948,488*	$285,604,659	$316,184,597	$ 67,038,587	$ 9,197.107*	$374,026,087	$359,531,266	$ 75,489,116	$ 20,870,222*	$414,150,160	35
36	Net Income - (Loss) Before Provision for Federal Income Tax	$ 39,506,916	$ (367,644)	$ 1,478,600*	$ 35,772,211	$ 31,111,478	$ 3,048,452	$ 2,844,788*	$ 31,311,142	$ 20,987,854	$ 361,431	$ -	$ 21,349,284	$ 40,941,848	$ 2,214,324	$ -	$ 43,156,172	36
	Provision for Federal Income Tax																	
37	Provision for Current Tax	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,448,973	$ -	$ -	$ 4,448,973	$ 10,668,584	$ -	$ -	$ 10,668,584	37
38	Provision for Deferred Federal Income Tax	1,588,000	-	-	1,588,000	4,288,851	-	-	4,288,851	-	-	-	-	-	-	-	-	38
39	Total Provision for Federal Income Tax	$ 1,588,000	$ -	$ -	$ 1,588,000	$ 4,288,851	$ -	$ -	$ 4,288,851	$ 4,448,973	$ -	$ -	$ 4,448,973	$ 10,668,584	$ -	$ -	$ 10,668,584	39
40	Net Income - (Loss) Before Provision for Refunds	$ 37,918,916	$ (367,644)	$ 1,478,600*	$ 33,184,211	$ 26,822,627	$ 3,048,452	$ 2,844,788*	$ 27,022,291	$ 16,538,878	$ 361,431	$ -	$ 16,900,309	$ 30,273,264	$ 2,214,324	$ -	$ 32,487,588	40
41	Provision for Rate Refunds - Less Tax	600,000	-	-	600,000	-	-	-	-	-	-	-	-	-	-	-	-	41
42	Net Income - (Loss)	$ 37,318,916	$ (367,644)	$ 1,478,600*	$ 32,584,211	$ 26,822,627	$ 3,048,452	$ 2,844,788*	$ 27,022,291	$ 16,538,878	$ 361,431	$ -	$ 16,900,309	$ 30,273,264	$ 2,214,324	$ -	$ 32,487,588	42
43	Provision for Dividends on Preferred Stock	$ 5,399,000	$ 500,000	$ 500*	$ 5,899,500	$ 6,000,000	$ 1,130,000	$ 1,000*	$ 7,129,000	$ 7,636,000	$ -	$ -	$ 7,636,000	$ 7,318,672	$ -	$ -	$ 7,318,672	43
44	Net Income - (Loss) After Provision for Preferred Dividends	$ 31,919,916	$ (867,644)	$ 1,479,100*	$ 26,684,711	$ 20,822,627	$ 1,918,452	$ 2,845,788*	$ 19,893,291	$ 8,902,878	$ 361,431	$ -	$ 9,264,309	$ 22,954,592	$ 2,214,324	$ -	$ 25,168,916	44
	Rate of Return																	
45	Net Income - (Loss)	$ 31,919,916	$ (367,644)		$ 31,552,272	$ 20,822,627	$ 1,918,452		$ 22,741,079	$ 8,902,878	$ 361,431		$ 9,264,309	$ 22,954,592	$ 2,214,324		$ 25,168,916	45
46	Add: Interest (Net) and Other Income	17,439,364	1,788,358		19,227,722	17,178,287	7,007,848		24,186,135	27,636,976	6,526,543		34,163,519	27,018,672	6,325,960		33,344,632	46
47	Net Utility Income	$ 49,359,280	$ 1,420,714		$ 50,779,994	$ 38,000,914	$ 8,926,300		$ 46,927,214	$ 36,539,854	$ 6,887,974		$ 43,427,828	$ 49,973,264	$ 8,540,284		$ 58,513,548	47
48	Rate Base - As Shown in Schedule Attached	$1,020,110,000	$254,421,000		$1,274,531,000	$1,054,115,000	$256,000,000		$1,310,115,000	$1,046,779,000	$257,791,097		$1,304,570,097	$1,056,497,199	$276,200,000		$1,332,697,199	48
49	Rate of Return	4.84%	3.35%		4.41%	3.61%	3.48%		3.58%	3.49%	2.67%		3.33%	4.73%	3.09%		4.39%	49
										7.76%	3.30%			4.01%	3.08%			

* Indicates Red Figures.

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Note: The blocked in figures indicate what the rate of return and Federal Income Taxes would be for El Paso and four separately and Pacific's Operating Division separately.

El Paso Gas Transportation Corporation
Cia. Occidental de Gas, S.A. de Capital Variable
El Paso Natural Gas Building Company
West Lake Natural Gasoline Company

	1961				1962				1963				1964				Line No.
	El Paso Natural Gas Company and Four Subsidiary Companies	Pacific Northwest Operating Division	Inter-Division Adjustments	Total El Paso Natural Gas Company and Four Subsidiary Companies	El Paso Natural Gas Company and Four Subsidiary Companies	Pacific Northwest Operating Division	Inter-Division Adjustments	Total El Paso Natural Gas Company and Four Subsidiary Companies	El Paso Natural Gas Company and Four Subsidiary Companies	Pacific Northwest Operating Division	Inter-Division Adjustments	Total El Paso Natural Gas Company and Four Subsidiary Companies	El Paso Natural Gas Company and Four Subsidiary Companies	Pacific Northwest Operating Division	Inter-Division Adjustments	Total El Paso Natural Gas Company and Four Subsidiary Companies	
Operating Revenues																	
Sales Other than to California Companies																	
Copper and Smelting	$ 10,797,391	$ -	$ -	$ 10,797,391	$ 10,797,391	$ -	$ -	$ 10,797,391	$ 10,797,391	$ -	$ -	$ 10,797,391	$ 1,010,384	$ -	$ -	$ 1,010,384	1
Other Industrial	2,068,010	6,020,000	-	8,088,010	2,068,010	6,020,000	-	8,088,010	2,068,010	6,020,000	-	8,088,010	2,053,945	6,020,000	-	[illegible]	2
Public Utilities for Power	15,903,282	-	-	15,903,282	15,903,282	-	-	15,903,282	15,903,282	-	-	15,903,282	15,543,732	-	-	[illegible]	3
Public Utilities for Resale	41,814,648	67,134,000	20,991,858*	87,961,886	40,781,843	83,187,000	32,930,219*	91,038,624	40,781,843	89,039,000	33,762,454*	96,057,389	39,647,280	89,434,000	34,176,666*	[illegible]	4
Other Sales	1,148,940	-	-	1,148,940	1,131,305	-	-	1,131,305	1,131,305	-	-	1,131,305	1,131,821	-	-	[illegible]	5
Total Sales Other than to California Companies	$ 72,430,318	$ 73,154,000	$ 20,991,858*	$125,077,907	$ 72,281,831	$ 89,207,000	$ 32,930,219*	$127,558,612	$ 72,281,831	$ 89,039,000	$ 33,762,454*	$127,558,377	$ 61,387,362	$ 89,454,000	$ 34,176,666*	[illegible]	6
Sales to California Companies																	
Public Utilities for Power																	
Southern California Edison Company	$ 10,535,798	$ -	$ -	$ 10,535,798	$ 10,535,798	$ -	$ -	$ 10,535,798	$ 10,535,798	$ -	$ -	$ 10,535,798	$ 10,564,663	$ -	$ -	$ 10,564,663	7
Public Utilities for Resale																	
Southern California	$147,738,930	$ -	$ -	$147,738,930	$164,393,281	$ -	$ -	$164,393,281	$167,308,307	$ -	$ -	$167,308,307	$168,921,136	$ -	$ -	$168,921,136	8
Northern California	[illegible]	-	-	[illegible]	[illegible]	-	-	[illegible]	[illegible]	-	-	[illegible]	[illegible]	-	-	[illegible]	9
Total Public Utilities for Resale	[illegible]	$ -	$ -	[illegible]	[illegible]	$ -	$ -	[illegible]	[illegible]	$ -	$ -	[illegible]	[illegible]	$ -	$ -	[illegible]	10
Total Sales to California Companies	[illegible]	$ -	$ -	[illegible]	[illegible]	$ -	$ -	[illegible]	[illegible]	$ -	$ -	[illegible]	[illegible]	$ -	$ -	[illegible]	11
Sub Total	$334,968,443	$ 73,154,000	$ 20,991,858*	$387,913,639	$352,780,930	$ 89,207,000	$ 32,930,219*	$407,057,315	$357,371,936	$ 89,039,000	$ 33,762,454*	$412,648,102	$352,973,161	$ 89,454,000	$ 34,176,666*	$408,250,495	12
Provision for Increased Revenues that will Result from Increased Gas Costs Included Herein	[illegible]	-	-	[illegible]	[illegible]	-	-	[illegible]	[illegible]	-	-	[illegible]	[illegible]	-	-	[illegible]	13
Total Gas Sales	$393,484,239	$ 73,154,000	$ 20,991,858*	$458,991,431	$371,981 [illegible]	$ 89,207,000	$ 32,930,219*	$426,887,915	$376,371,936	$ 89,039,000	$ 33,762,454*	$431,648,944	$371,748,677	$ 89,454,000	$ 34,176,666*	$427,026,011	14
Extracted Products Sales	36,324,956	1,050,221	220,000*	37,135,177	38,894,514	2,116,135	220,000*	40,790,649	38,370,309	2,217,224	220,000*	40,369,533	37,877,396	2,267,790	220,000*	39,925,186	15
Other Operating Revenues	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	16
Total Operating Revenues	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	17
Expenses																	
Cost of Gas	$166,688,447	$ 36,957,941	$ 20,991,858*	$182,794,530	$160,773,133	$ 39,988,259	$ 32,930,219*	$167,831,193	$161,294,050	$ 40,074,330	$ 33,762,454*	$169,605,926	$162,614,506	$ 40,330,907	$ 34,176,666*	$168,769,747	18
Exploration and Development	9,200,000	468,140	-	9,668,140	9,200,000	470,000	-	9,670,000	9,200,000	465,000	-	9,665,000	9,200,000	469,000	-	9,669,000	19
Field Handling Expenses - Operation and Maintenance	97,360,132	9,211,866	220,000*	62,331,998	97,876,625	8,220,270	220,000*	65,876,904	98,099,870	8,512,283	220,000*	66,348,153	97,721,275	8,780,822	220,000*	66,282,097	20
Transmission Expenses - Operation and Maintenance	23,481,603	3,737,688	162,000*	27,057,209	24,398,709	4,584,559	162,000*	28,325,268	24,524,986	4,099,319	162,000*	28,462,305	24,991,103	4,113,083	162,000*	28,942,186	21
Sales Promotion	339,699	-	-	339,699	339,679	-	-	339,679	339,679	-	-	339,679	339,679	-	-	339,679	22
Administrative and General	12,060,380	3,967,287	-	16,027,667	12,088,087	4,086,112	-	16,168,199	12,082,087	4,086,112	-	16,168,199	12,082,087	4,086,112	-	16,168,199	23
Depreciation, Depletion and Amortization	47,420,645	10,398,697	-	57,779,670	47,562,082	11,222,776	-	58,784,858	47,644,039	11,300,948	-	58,944,987	47,801,535	11,729,380	-	59,530,915	24
Taxes, Other than Federal Income Tax	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	25
Sub Total	$307,054,815	$ 63,196,106	$ 20,973,858*	$349,247,113	$302,673,363	$ 71,125,168	$ 33,312,219*	$330,480,299	$309,617,312	$ 71,774,866	$ 34,144,454*	$343,247,726	$334,999,196	$ 72,909,797	$ 34,338,666*	$342,908,287	26
Other Income	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	27
Sub Total	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	28
Other Deductions																	
Interest	$ 31,399,413	$ 5,909,834	$ -	$ 39,709,209	$ 28,993,301	$ 6,304,128	$ -	$ 36,697,329	$ 26,389,472	$ 7,999,994	$ -	$ 34,389,466	$ 24,498,087	$ 7,408,473	$ -	$ 31,906,560	29
Amortization of Debt Expense and Premium (Net)	171,616	122,543	-	294,159	165,691	134,104	-	279,795	160,375	108,981	-	269,356	153,994	100,115	-	254,109	30
Interest Charged to Construction - Credit	23,101	174,760	-	197,861	-	168,760	-	168,760	-	122,580	-	122,580	-	121,800	-	121,800	31
Miscellaneous Other Deductions	126,000	-	-	126,000	126,000	-	-	126,000	126,000	-	-	126,000	126,000	-	-	126,000	32
Total Other Deductions	$ 31,400,000	$ 6,406,437	$ -	$ 38,806,437	$ 28,844,992	$ 6,606,992	$ -	$ 37,116,944	$ 26,675,847	$ 7,885,555	$ -	$ 34,689,224	$ 24,778,081	$ 7,630,388	$ -	$ 32,166,469	33
Total Expenses and Other Deductions	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	34
Net Income Before Provision for Federal Income Tax	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	35
Provision for Federal Income Tax																	
Provision for Current Year	$ 19,673,000	[illegible]	[illegible]	$ 19,413,480	$ 20,779,000	$ 3,397,696	[illegible]	$ 23,487,596	$ 24,028,736	$ 4,284,402	[illegible]	$ 28,311,226	$ 24,234,280	$ 4,398,397	[illegible]	$ 29,074,677	36
Provision for Deferred Federal Income Tax	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	37
Total Provision for Federal Income Tax	[illegible]	$ 84,294	[illegible]	[illegible]	[illegible]	$ 3,482,696	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	38
Net Income	[illegible]	$ 2,641,584	[illegible]	[illegible]	[illegible]	$ 4,060,987	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	39
Provision for Dividends on Preferred Stock	$ 7,991,240				7,991,240				6,048,012				6,608,509				40
Net Income After Provision for Preferred Dividends	$ 11,188,302	$ 2,641,584			$ 24,313,992	$ 4,060,987			$ 26,671,689	$ 4,078,494			$ 25,584,894	$ 4,287,549			41
Rate of Return																	
Net Income	$ 28,644,871	$ 2,641,584		$ 31,086,134	$ 24,313,992	$ 4,060,987		$ 27,433,369	$ 26,671,689	$ 4,078,494		$ 29,686,964	$ 25,584,894	$ 4,287,549		$ 29,872,944	42
Add: Interest (Net) Less Other Income	$ 20,116,880	$ 8,617,137		[illegible]	$ 27,020,997	$ 8,234,992		[illegible]	$ 25,240,701	$ 7,981,877		[illegible]	$ 23,690,771	$ 7,358,288		[illegible]	43
Net Utility Income	$ 48,760,972	$ 11,258,721		[illegible]	$ 51,054,993	$ 14,295,979		[illegible]	$ 52,674,391	$ 14,060,371		[illegible]	$ 49,275,665	$ 13,645,837		[illegible]	44
Rate Base - As Shown in Schedule Attached	$998,488,966	$238,894,889		[illegible]	$ 962,236,117	$249,189,287		[illegible]	$ 979,696,662	$263,648,174		[illegible]	$ 965,727,861	$267,387,973		[illegible]	45
Rate of Return	5.91%	4.09%		[illegible]	6.26%	5.91%		[illegible]	6.97%	5.93%		[illegible]	6.59%	5.30%		[illegible]	46

* Indicates Red Figures.

Note: The blocked in figures indicate what the rate of return and Federal Income Taxes would be for El Paso and four separately and Pacific's Operating Division separately.

Docket No. G-[illegible]
Exhibit
Schedule No.
Sheet 3 of 7
Witness

EL PASO NATURAL GAS COMPANY
Provision for Federal Income Tax for Year 1960 for Companies
Filing an Consolidated Return Assuming Merger of El Paso and Pacific Northwest
Pipeline Corporation Effective January 1, 1959 after Giving Effect to
Dockets Numbered G-12696, G-16235 and G-16236

Line No.		Consolidated	El Paso Natural Gas Company	Pacific Northwest Operating Div.	Total El Paso Natural Gas Company	El Paso Gas Transportation Corporation	El Paso Natural Gas Building Company	San Juan Pipe Line Company	Utah Natural Gas Company	Utah-Western Pipeline Company	West Lake Natural Gasoline Company	New Mexico Western Oil & Gas Company	Westcoast Investment Corporation	Pacific Northwest Realty Corporation	El Paso Natural Gas Products Company	El Paso - Venezuela Company	El Paso Products Pipeline Co.	Line No.
1	Net Income Per Books	$54,283,282	$50,382,583	$ 2,244,026	$52,626,609	$11,158	$198,541	$-	$213,622	$ -	$10,000	$ 26,609	$(185,000)	$130,943	$ 1,695,000	$(444,000)	$ -	1
	Tax Adjustments:																	
2	Intangible Drilling Cost	$16,117,333	$ 9,483,310	$ 4,234,023	$13,717,333		$ -	$-	$ -	$ -	$ -	$100,000	$ -	$ -	$ 2,000,000	$ 300,000	$ -	2
3	Taxes Charged Construction	863,468	738,468	100,000	838,468		-	-	-	-	-	-	-	-	25,000	-	-	3
4	Interest Charged Construction	903,141	582,201	195,940	778,141	-	-	-	-	-	-	-	-	-	125,000	-	-	4
5	Excess Tax (Book) Depreciation	(901,539)	365,306	(863,698)	(498,392)	(3,397)	(3,205)	-	37,964	-	-	-	-	12,500	(560,105)	921	112,179	5
6	Excess Tax (Book) Depletion	(3,210,333)	(2,339,759)	(414,574)	(2,754,333)	-	-	-	-	-	-	-	-	-	(456,000)	-	-	6
7	Adjustment of Carried Interest Production	225,000	225,000	-	225,000	-	-	-	-	-	-	-	-	-	-	-	-	7
8	Dividend Received Reduction	453,837	147,837	-	147,837	-	-	-	-	-	-	-	-	-	306,000	-	-	8
9	Amortization of Debt Expense and Premium - Net	65,437	65,437	-	65,437	-	-	-	-	-	-	-	-	-	-	-	-	9
10	Excess Tax (Book) Abandoned Lease Cost	(300,000)	(300,000)	-	(300,000)	-	-	-	-	-	-	-	-	-	-	-	-	10
11	Total Deductions	$14,216,344	$ 8,967,800	$ 3,251,691	$12,219,491	$(3,397)	$ (3,205)	$-	$ 37,964	$ -	$ -	$100,000	$ -	$ 12,500	$ 1,434,895	$ 300,921	$ 112,179	11
12	Net Taxable Income-Stratight Line Depreciation Basis Before Loss Carryover	$40,066,938	$41,414,783	$ (1,007,665)	$40,407,118	$14,555	$201,746	$-	$175,458	$ -	$10,000	$(73,391)	$(185,000)	$118,443	$ 255,105	$(744,921)	$(112,179)	12
13	Excess of Declining Balance Depreciation - Current Year	(22,800,893)	(15,350,623)	(4,787,655)	(20,138,278)	(1,359)	(44,933)	-	(8,574)	-	-	-	-	(53,281)	(2,148,462)	(42,165)	(3,643)	13
14	Net Taxable Income - Declining Balance Depreciation Basis before Loss Carryover	$17,266,045	$26,064,160	$ (5,795,320)	$20,268,840	$13,196	$156,813	$-	$166,884	$ -	$10,000	$(73,391)	$(185,000)	$ 65,162	$(1,943,357)	$(787,086)	$(115,822)	14
15	Pacific's Pre 1957 Loss Carryover on Declining Balance Depreciation Basis (Balance)	(15,553,666)	-	(15,553,666)	(15,553,666)	-	-	-	-	-	-	-	-	-	-	-	-	15
16	Consolidated Loss Carryover on Declining Balance Depreciation (Portion of 1957)	(1,712,379)	-	(1,513,110)	(1,513,110)	-	-	(23)	-	(20)	-	(13,024)	(5,567)	(2,338)	(443,166)	(28,734)	(5,572)	16
17	Net Taxable Income - Declining Balance Depreciation Basis	$ -	$26,064,160	$(22,862,096)	$ 3,202,064	$13,196	$156,813	$ (23)	$166,884	$ (20)	$10,000	$(86,415)	$(190,567)	$ 62,824	$(2,086,523)	$(815,845)	$(121,588)	17
18	Consolidated Tax - Current @ 52% Rate	None																18
19	@ 25 Rate	None																19
20	Total	None																20
	Determination of Deferred Tax:																	
	Taxable Income on Straight Line Depreciation Basis																	
21	Net Taxable Income - Straight Line Depreciation Basis before Loss Carryover	$40,066,938			$40,407,118	$14,555	$201,746	$-	$175,458	$ -	$10,000	$(73,391)	$(185,000)	$118,443	$ 255,105	$(744,921)	$(112,179)	21
22	Pacific's Pre 1957 Loss Carryover on Straight Line Depreciation Basis	-			-	-	-	-	-	-	-	-	-	-	-	-	-	22
23	Consolidated Loss Caryover on Straight-Line Depreciation Basis	-			-	-	-	-	-	-	-	-	-	-	-	-	-	23
24	Net Taxable Income on Straight Line Depreciation Basis After Loss Carryover	$40,066,938			$40,407,118	$14,555	$201,746	$-	$175,458	$ -	$10,000	$(73,391)	$(185,000)	$118,443	$ 255,105	$(744,921)	$(112,179)	24
	Taxable Income on Declining Balance Depreciation Basis																	
25	Net Taxable Income - Declining Balance Depreciation Basis After Loss Carryover (See above Computation)	-			3,202,064	13,196	156,813	(23)	166,884	(20)	10,000	(86,415)	(190,567)	62,824	(2,086,523)	(815,845)	(121,588)	25
26	Excess of Declining Balance Depreciation Which Reduced Consolidated Taxes	$40,066,938			$37,205,054	$ 1,359	$ 44,933	$ 23	$ 8,574	$ 20	$ -	$ 13,024	$ 5,567	$ 56,419	$ 2,341,628	$ 70,924	$ 314,413	26
27	Consolidated Tax - @ Deferred @ 52% Rate	$20,834,808			$20,644,282	$ 706	$ 23,365	$-	$ 4,459	$ -	$ -	$ -	$ -	$ 29,338	$ 132,655	$ -	$ -	27
	Allocation of Current Tax																	
28	Net Taxable Income - Declining Balance Depreciation Basis	$ -			$ 3,202,064	$13,196	$156,813	$ (23)	$166,884	$ (20)	$10,000	$(86,415)	$(190,567)	$ 62,824	$(2,086,523)	$(815,845)	$(121,588)	28
29	Distribution of Losses to Respective Parents	-			(277,025)			23		20		86,415	190,567		(1,247,433)	815,845	431,588	29
30	Distribution of Unused Subsidiary Parent Losses to El Paso				(3,333,956)										3,333,956			30
31	Net Taxable Income for Allocation of Current Tax	$ -			$ (408,917)	$13,196	$156,813	$-	$166,884	$ -	$10,000	$ -	$ -	$ 62,824	$ -	$ -	$ -	31
32	Current Tax - @ 52% Rate	None																32
33	- @ 25 Rate	None																33
	Allocation of Deferred Tax																	
34	Excess of Declining Balance Depreciation Which Reduced Consolidated Taxes	$40,066,938			$37,205,054	$ 1,359	$ 44,933	$ 23	$ 8,574	$ 20	$ -	$ 13,024	$ 5,567	$ 56,419	$ 2,341,628	$ 70,924	$ 314,413	34
35	Distribution of Unused Deduction to Respective Parents	-			18,634	-	-	(23)	-	(20)	-	(13,024)	(5,567)	-	990,337	(70,924)	(314,413)	35
36	Distribution of Unused Deduction from Subsidiary Parents to El Paso	-			2,476,860	-	-	-	-	-	-	-	-	-	(2,476,860)	-	-	36
37	Excess of Declining Balance Depreciation, Which Reduced Taxes, for Allocation of Deferred Tax	$40,066,938			$39,700,548	$ 1,359	$ 44,933	$-	$ 8,574	$ -	$ -	$ -	$ -	$ 56,419	$ 855,105	$ -	$ -	37
38	Deferred Tax - Net @ 52% Rate	$20,834,808			$20,644,282	$ 706	$ 23,365	$-	$ 4,459	$ -	$ -	$ -	$ -	$ 29,338	$ 132,655	$ -	$ -	38
	Summary of All Companies																	
39	Current Tax	$ -			$ -	$ -	$ -	$-	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	39
40	Deferred Tax - Net	20,834,808			20,644,282	706	23,365	-	4,459	-	-	-	-	29,338	132,655	-	-	40
41	Total	$20,834,808			$20,644,282	$ 706	$ 23,365	$-	$ 4,459	$ -	$ -	$ -	$ -	$ 29,338	$ 132,655	$ -	$ -	41
	Summary of El Paso and Three Subsidiaries																	
42	Current Tax	$ -			$ -	$ -	$ -					$ -						42
43	Deferred Tax - Net	20,644,276			20,644,282	706	23,365					-						43
44	Total	$20,644,276			$20,644,282	$ 706	$ 23,365					$ -						44

J-208
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Docket No. G-[illegible]
Exhibit
Sched le No.
Sheet 4 of 7
Witness

EL PASO NATURAL GAS COMPANY
Provision for Federal Income Tax for Year 1961 for Companies
Filing in Consolidated Return Assuming Merger of El Paso and Pacific Northwest
Pipeline Corporation Effective January 1, 1959 After Giving Effect to Dockets
Numbered G-15696, G-16235 and G-16236

Line No.		Consolidated	El Paso Natural Gas Company	Pacific Northwest Operating Division	Total El Paso Natural Gas Company	El Paso Gas Transportation Corporation	El Paso Natural Gas Building Company	San Juan Pipe Line Company	Utah Natural Gas Company	Utah-Western Pipeline Company	West Lake Natural Gasoline Company	New Mexico Western Oil & Gas Company	Westcoast Investment Corporation	Pacific Northwest Realty Corporation	El Paso Natural Gas Products Company	El Paso - Venezuela Company	El Paso Products Pipeline Company	Line No.
1	Net Income Per Books	$ 47,772,376	$ 39,163,999	$ 2,725,978	$ 41,889,977	$11,158	$198,541	$-	$211,422	$-	$ [illegible]	$ 26,604	$(185,000)	$126,062	$5,951,000	$ (469,000)	$ -	1
	Tax Adjustments:																	
2	(Intangible Drilling Cost	$ 6,508,773	$ 525,000	$ 3,583,773	$ 4,108,773	$ -	$ -	$-	$ -	$-	$ -	$ 100,000	$ -	$ -	$2,000,000	$ 300,000	$ -	2
3	Taxes Charged Construction	150,886	30,886	100,000	130,886	-	-	-	-	-	-	-	-	-	20,000	-	-	3
4	Interest Charged Construction	322,841	23,101	174,740	197,841	-	-	-	-	-	-	-	-	-	125,000	-	-	4
5	Depreciation	(1,103,118)	199,479	(903,472)	(703,993)	(3,397)	(3,809)	-	37,901	-	-	-	-	12,500	(551,597)	448	1,12,175	5
6	Excess Tax (Book) Depreciation	(2,689,216)	(1,768,856)	(391,360)	(2,160,216)	-	-	-	-	-	-	-	-	-	(529,000)	-	-	6
7	Excess Tax (Book) Depletion	225,000	225,000	-	225,000	-	-	-	-	-	-	-	-	-	-	-	-	7
8	Adjustment of Carried Interest Production	606,837	147,837	-	147,837	-	-	-	-	-	-	-	-	-	459,000	-	-	8
9	Dividend Received Reduction	69,765	69,765	-	69,765	-	-	-	-	-	-	-	-	-	-	-	-	9
10	Amortization of Debt Expense and Premium - Net	(300,000)	(300,000)	-	(300,000)	-	-	-	-	-	-	-	-	-	-	-	-	10
11	Excess Tax (Book) Abandoned Lease Cost	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11
12	Total Deductions	$ 1,791,768	$ (83,788)	$ 2,362,681	$ 1,711,893	$(3,397)	$ (3,809)	$-	$ 37,901	$-	$ -	$ 100,000	$ -	$ 14,500	$ 1,514,403	$ 300,448	$ 112,175	12
13	Net Taxable Income - Straight Line Depreciation Basis Before Loss Carryover	$ 63,980,608	$ 60,015,387	$ 162,297	$ 60,177,684	$14,555	$201,746	$-	$175,521	$-	$10,000	$ (73,391)	$(185,000)	$111,569	$4,437,597	$ (769,448)	$(112,175)	13
14	Excess of Declining Balance Depreciation - Current Year	(18,538,818)	(11,979,277)	(4,055,343)	(16,034,620)	(1,039)	(36,853)	-	(2,002)	-	-	-	-	(47,626)	(2,136,016)	(264,501)	(47,644)	14
15	Net Taxable Income-Declining Balance Depreciation Basis before Loss Carryover	$ 45,441,790	$ 48,036,110	$(3,893,046)	$ 44,143,064	$13,516	$164,893	$-	$170,518	$-	$10,000	$ (73,391)	$(185,000)	$ 63,943	$2,301,581	$ (1,033,949)	$(159,819)	15
16	Pacific's Pre 1957 Loss Carryover on Declining Balance Depreciation Basis	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16
17	Consolidated Loss Carryover on Declining Balance Depreciation Basis -																	
	Balance of 1957 Loss	(1,826,741)	-	(1,614,163)	(1,614,163)	-	-	(24)	-	(20)	-	(13,895)	(5,939)	(3,349)	(152,727)	(30,168)	(5,464)	17
	All of 1958 Loss	(6,077,931)	-	(1,761,157)	(1,761,157)	-	-	-	-	-	-	(55,586)	(59,240)	(23,256)	(1,731,846)	(218,492)	(46,648)	18
19	Net Taxable Income - Declining Balance Depreciation Basis	$ 37,543,118	$ 48,036,110	$(7,268,366)	$ 40,765,744	$13,516	$164,893	$ (24)	$170,518	$ (20)	$10,000	$(142,872)	$(250,279)	$ 37,337	$ 417,026	$(1,282,609)	$(211,931)	19
20	Consolidated Tax - Current @ 52% Rate	$ 19,522,421																20
21	@ 25 Rate	-																21
	Total	$ 19,522,421																
	Determination of Deferred Tax:																	
	Taxable Income on Straight Line Depreciation Basis																	
22	Net Taxable Income - Straight Line Depreciation Basis	$ 63,980,608			$ 60,177,684	$14,555	$201,746	$-	$175,521	$-	$10,000	$ (73,391)	$(185,000)	$111,569	$4,437,597	$ (769,448)	$(112,175)	22
23	Pacific's Pre 1957 Loss Carryover on Straight Line Depreciation Basis	-			-	-	-	-	-	-	-	-	-	-	-	-	-	23
24	Consolidated Loss Carryover on Straight Line Depreciation Basis	-			-	-	-	-	-	-	-	-	-	-	-	-	-	24
25	Net Taxable Income on Straight Line Depreciation Basis after Loss Carryover	$ 63,980,608			$ 60,177,684	$14,555	$201,746	$-	$175,521	$-	$10,000	$ (73,391)	$(185,000)	$111,569	$4,437,597	$ (769,448)	$(112,175)	25
	Taxable Income on Declining Balance Depreciation Basis																	
26	Net Taxable Income - Declining Balance Depreciation Basis After Loss Carryover (See Above Computation)	37,543,118			38,765,744	13,516	164,893	(24)	170,518	(20)	10,000	(142,872)	(250,279)	37,337	417,026	(1,282,609)	(211,931)	26
		26,437,490			$ 21,411,940	$ 1,039	$ 36,853	$ 24	$ 5,003	$ 20	$ -	$ 69,481	$ 65,279	$ 74,432	$3,990,581	$ 383,393	$ 357,443	
27	Excess of Declining Balance Depreciation Which Reduced Consolidated Taxes																	27
28	Consolidated Tax - Deferred - Net @ 52% Rate	$ 13,747,492																28
	Allocation of Current Tax																	
29	Net Taxable Income - Declining Balance Depreciation Basis	$ 37,543,118			$ 38,765,744	$13,516	$164,893	$ (24)	$170,518	$ (20)	$10,000	$(142,872)	$(250,279)	$ 37,337	$ 417,026	$(1,282,609)	$(211,931)	29
30	Distribution of Losses to Respective Parents	-			(393,195)	-	-	24	-	20	-	142,872	250,279	-	(1,666,511)	1,134,891	211,931	30
31	Distribution of Unused Subsidiary Parent Losses to El Paso	-			(1,227,425)	-	-	-	-	-	-	-	-	-	(427,450)	-	-	31
32	Net Taxable Income for Allocation of Current Tax	$ 37,543,118			$ 37,145,124	$13,516	$164,893	$ -	$170,518	$ -	$10,000	$ -	$ -	$ 37,337	$ -	$ -	$ -	32
33	Current Tax - @ 52% Rate	$ 19,522,421			$ 19,315,428	$ 7,028	$ 85,744	$-	$ 88,669	$-	$ 5,200	$ -	$ -	$ 20,392	$ -	$ -	$ -	33
34	@ 25 Rate	-			-	-	-	-	-	-	-	-	-	-	-	-	-	34
35	Total	$ 19,522,421			$ 19,315,428	$ 7,028	$ 85,744	$-	$ 88,669	$-	$ 5,200	$ -	$ -	$ 20,392	$ -	$ -	$ -	35
	Allocation of Deferred Tax																	
36	Excess of Declining Balance Depreciation Which Reduced Consolidated Taxes	26,437,490			21,411,940	1,039	36,853	24	5,003	20	-	69,481	65,279	74,432	3,990,581	383,393	357,443	36
37	Distribution of Unused Deduction to Respective Parents	-			134,804	-	-	(24)	-	(20)	-	(69,481)	(65,279)	-	782,838	(383,393)	(357,443)	37
38	Distribution of Unused Deduction from Subsidiary Parents to El Paso	-			782,838	-	-	-	-	-	-	-	-	-	(782,838)	-	-	38
39	Excess of Declining Balance Depreciation Which Reduced Taxes for Allocation of Deferred Tax	$ 26,437,490			$ 22,329,582	$ 1,039	$ 36,853	$-	$ 5,003	$-	$ -	$ -	$ -	$ 74,432	$3,990,581	$ -	$ -	39
					$ 11,611,382	$ 540	$ 19,164	$-	$ 2,602	$-	$ -	$ -	$ -	$ 38,709	$2,075,102	$ -	$ -	
40	Deferred Tax - Net - @ 52% Rate	$ 13,747,492																40
	Summary of All Companies																	
41	Current Tax	$ 19,522,421			$ 19,315,428	$ 7,028	$ 85,744	$-	$ 88,669	$-	$ 5,200	$ -	$ -	$ 20,392	$ -	$ -	$ -	41
42	Deferred Tax - Net	13,747,492			11,611,382	540	19,164	-	2,602	-	-	-	-	38,709	2,075,102	-	-	42
43	Total	$ 33,269,913			$ 30,926,810	$ 7,568	$104,908	$-	$ 91,271	$-	$ 5,200	$ -	$ -	$ 59,057	$2,075,102	$ -	$ -	43
	Summary of El Paso and Three Subsidiaries																	
44	Current Tax	$ 19,433,400			$ 19,315,428	$ 7,028	$ 85,744				$ 5,200							44
45	Deferred Tax - Net	11,631,082			11,611,382	540	19,164				-							45
46	Total	$ 31,064,482			$ 30,926,810	$ 7,568	$104,908				$ 5,200							46

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Docket No. G-13019
Exhibit
Schedule No.
Sheet 5 of 7
Witness_____

EL PASO NATURAL GAS COMPANY
Provision for Federal Income Tax for Year 1962 for Companies
Filing in Consolidated Return Assuming Merger of El Paso and Pacific Northwest
Pipeline Corporation Effective January 1, 1959 After Giving Effect to Dockets
Numbered G-15696, G-16235 and G-16236

Line No.		Consolidated	El Paso Natural Gas Company	Pacific Northwest Pipeline Corporation	Total	El Paso Gas Transportation Corporation	El Paso Natural Gas Building Company	Utah Natural Gas Company	West Lake Natural Gasoline Company	New Mexico Western Oil & Gas Company	West Coast Investment Corporation	Pacific Northwest Realty Corporation	El Paso Natural Gas Products Company	El Paso Venezuela Company	El Paso Products Pipeline Company	Line No.
1	Net Income Per Books	$ 87,126,676	$65,928,147	$11,093,015	$77,021,162	$11,158	$198,561	$213,422	$10,000	$ 26,609	$(185,000)	$125,804	$10,399,000	$(496,000)	$ -	1
	Tax Adjustments:															
2	Intangible Drilling Cost	$ 5,858,523	$ 525,000	$ 2,933,523	$ 3,458,523	$ -	$ -	$ -	$ -	$100,000	$ -	$ -	$ 2,000,000	$ 300,000	-	2
3	Taxes Charged Construction	164,416	44,416	100,000	144,416	-	-	-	-	-	-	-	20,000	-	-	3
4	Interest Charged Construction	273,740	-	148,740	148,740	-	-	-	-	-	-	-	125,000	-	-	4
5	Excess Tax (Book) Depreciation	(1,254,888)	55,653	(935,486)	(879,833)	(3,397)	(3,205)	37,861	-	-	-	12,500	(531,059)	70	112,175	5
6	Excess Tax (Book) Depletion	(3,214,732)	(1,621,546)	(987,186)	(2,608,732)	-	-	-	-	-	-	-	(606,000)	-	-	6
7	Adjustment of Carried Interest Production	225,000	225,000	-	225,000	-	-	-	-	-	-	-	-	-	-	7
8	Dividend Received Deduction	606,837	147,837	-	147,837	-	-	-	-	-	-	-	459,000	-	-	8
9	Amortization of Debt Expense and Premium - Net	61,666	61,666	-	61,666	-	-	-	-	-	-	-	-	-	-	9
10	Excess Tax (Book) Abandoned Lease Cost	(300,000)	(300,000)	-	(300,000)	-	-	-	-	-	-	-	-	-	-	10
11	Total Deductions	$ 2,420,562	$ (861,974)	$ 1,259,591	$ 397,617	$(3,397)	$ (3,205)	$ 37,861	$ -	$100,000	$ -	$ 12,500	$ 1,466,941	$ 300,070	$ 112,175	11
12	Net Taxable Income - Straight Line Depreciation Basis	$ 84,906,114	$66,790,101	$ 9,833,424	$76,623,525	$14,555	$201,746	175,561	$10,000	$(73,391)	$(185,000)	$113,304	$ 8,932,059	$(796,070)	$ (112,175)	12
13	Excess of Declining Balance Depreciation - Current Year	(14,451,917)	(8,884,988)	(3,316,791)	(12,201,779)	(745)	(30,644)	(1,652)	-	-	-	(41,993)	(1,921,419)	(30,604)	(223,081)	13
14	Net Taxable Income - Declining Blsance Depreciation Basis	$ 70,454,197	$57,905,113	$ 6,516,633	$64,421,746	$13,810	$171,102	$173,909	$10,000	$(73,391)	$(185,000)	$ 71,311	$ 7,010,640	$(826,674)	$ (335,256)	14
15	Consolidated Tax - Current @ 52% Rate	$ 36,636,182														15
16	@ 2% Rate	116,895														16
	Total	$ 36,753,077														
	Determination of Deferred Tax															
	Taxable Income on Straight Line Depreciation Basis															
17	Net Taxable Income - Straight Line Depreciation Basis	$ 84,906,114			$76,623,525	$14,555	$201,746	$175,561	$10,000	$(73,391)	$(185,000)	$113,304	$ 8,932,059	$(796,070)	$ (112,175)	17
	Taxable Income on Declining Balance Depreciation Basis															
18	Net Taxable Income - Declining Balance Depreciation Basis (See Above Computation)	$ 70,454,197			64,421,746	13,810	171,102	173,909	10,000	(73,391)	(185,000)	71,311	7,010,640	(826,674)	(335,256)	18
19	Excess of Declining Balance Depreciation Which Reduced Consolidated Taxes	$ 14,451,917			$12,201,779	$ 745	$ 30,644	$ 1,652	$ -	$ -	$ -	$ 41,993	$ 1,921,419	$ 30,604	$ 223,081	19
20	Consolidated Tax - Net Deferred @ 52% Rate	$ 7,514,997														20
	Allocation of Current Tax															
21	Net Taxable Income - Declining Balance Depreciation Basis	$ 70,454,197			$64,421,746	$13,810	$171,102	$173,909	$10,000	$(73,391)	$(185,000)	$ 71,311	$ 7,010,640	$(826,674)	$ (335,256)	21
22	Distribution of Losses to Respective Parents	-			(258,391)	-	-	-	-	73,391	185,000	-	(1,159,930)	824,674	335,256	22
23	Distribution of Unused Subsidiary Parent Losses to El Paso	-			-	-	-	-	-	-	-	-	-	-	-	23
24	Net Taxable Income for Allocation of Current Tax	$ 70,454,197			$64,163,355	$13,810	$171,102	$173,909	$10,000	$ -	$ -	$ 71,311	$ 5,850,710	$ -	$ -	24
25	Current Tax - @ 52% Rate	$ 36,636,182			$33,364,944	$ 7,181	$ 88,973	$ 90,433	$ 5,200	$ -	$ -	$ 37,082	$ 3,042,369	$ -	$ -	25
26	@ 2% Rate	116,895			21,296	-	-	-	-	-	-	-	95,599	-	-	26
27	Total	$ 36,753,077			$33,386,240	$ 7,181	$ 88,973	$ 90,433	$ 5,200	$ -	$ -	$ 37,082	$ 3,137,968	$ -	$ -	27
	Allocation of Deferred Tax															
28	Excess of Declining Balance Depreciation Which Reduced Consolidated Taxes	$ 14,451,917			$12,201,779	$ 745	$ 30,644	$ 1,652	$ -	$ -	$ -	$ 41,993	$ 1,921,419	$ 30,604	$ 223,081	28
29	Distribution of Unused Deduction to Respective Parents	-			-	-	-	-	-	-	-	-	253,685	-	(223,081)	29
30	Distribution of Unused Deduction from Subsidiary Parents to El Paso	-			-	-	-	-	-	-	-	-	-	-	-	30
31	Excess of Declining Balance Depreciation Which Reduced Taxes for Allocation of Deferred Tax	$ 14,451,917			$12,201,779	$ 745	$ 30,644	$ 1,652	$ -	$ -	$ -	$ 41,993	$ 2,175,104	$ -	$ -	31
32	Deferred Tax - Net @ 52% Rate	$ 7,514,997			$ 6,344,926	$ 387	$ 15,935	$ 859	$ -	$ -	$ -	$ 21,836	$ 1,131,054	$ -	$ -	32
	Summary of All Companies															
33	Current Tax	$ 36,753,077			$33,386,240	$ 7,181	$ 88,973	$ 90,433	$ 5,200	$ -	$ -	$ 37,082	$ 3,137,968	$ -	$ -	33
34	Deferred Tax - Net	7,514,997			6,344,926	387	15,935	859	-	-	-	21,836	1,131,054	-	-	34
35	Total	$ 44,268,074			$39,731,166	$ 7,568	$104,908	$ 91,292	$ 5,200	$ -	$ -	$ 58,918	$ 4,269,022	$ -	$ -	35
	Summary of El Paso and Three Subsidiaries															
36	Current Tax	$ 33,487,994			$33,386,240	$ 7,181	$ 88,973		$ 5,200							36
37	Deferred Tax - Net	6,361,248			6,344,926	387	15,935		-							37
38	Total	$ 39,849,242			$39,731,166	$ 7,568	$104,908		$ 5,200							38

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EL PASO NATURAL GAS COMPANY

Provision for Federal Income Tax for Year 1962 for Companies Filing in Consolidated Return Assuming Merger of El Paso and Pacific Northwest Pipeline Corporation Effective January 1, 1962 After Giving Effect to Assets Acquired [illegible]

	Consolidated	El Paso Natural Gas Company	Pacific Northwest Operating Division	Total El Paso Natural Gas Company	El Paso Gas Transportation Corporation	El Paso Natural Gas Products Company	El Paso Natural Gasoline Company	New Mexico Western Oil & Gas Company	Intercoast Transmission Corporation	Pacific Northwest Pipeline Corporation	Texas Eastern Pennsylvania Company	[illegible]	[illegible]
Net Income Per Books	$92,297,142	$70,247,113	$11,469,479	$81,834,595	$11,118	[illegible]	[illegible]	$26,459	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Adjustments:													
Intangible Drilling Cost	$ 5,501,125	$ 545,000	$ 2,578,125	$ 3,123,125	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Prior Planned Construction	114,370	14,370	100,000	114,370	-	-	-	-	-	-	-	-	-
Interest Planned Construction	247,480	-	122,580	122,580	-	-	-	-	-	-	-	-	-
Excess Tax (52%) Depreciation	(1,478,460)	(353,028)	(760,602)	(1,113,630)	(3,207)	(3,205)	[illegible]	-	-	-	[illegible]	[illegible]	[illegible]
Excess Tax (52%) Depletion	(3,220,994)	(1,477,994)	(1,038,257)	(2,516,251)	-	-	-	-	-	-	-	-	-
Adjustment of Capitalized Interest Production	225,000	225,000	-	225,000	-	-	-	-	-	-	-	-	-
Dividend Received Deduction	647,817	147,817	-	147,817	-	-	-	-	-	-	-	-	-
Amortization of Debt Expense and Premium - Net	53,672	53,672	-	53,672	-	-	-	-	-	-	-	-	-
Income Tax (Book) Abandoned Lease Cost	(300,000)	(300,000)	-	(300,000)	-	-	-	-	-	-	-	-	-
Total Deductions	$ 1,770,248	$(1,591,163)	$ 801,846	$ (789,317)	$(3,207)	$ (3,205)	$ 7,481	$ -	$ -	$ -	$ -	$ -	$ -
Net Taxable Income - Straight Line Depreciation Basis	90,818,114	71,101,218	10,847,633	81,159,477	$14,565	$201,[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Excess of Declining Balance Depreciation - Current Year	(9,930,775)	(1,201,446)	(2,400,906)	(8,612,914)	(476)	(24,762)	[illegible]	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Net Taxable Income - Declining Balance Depreciation Basis	80,887,339	[illegible]	$ 8,446,727	[illegible]	$13,089	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Consolidated Tax - Current @ 52% Rate	[illegible]												
26% Rate	[illegible]												
Total	$42,204,409												
Computation of Deferred Tax													
Excess Income on Straight Line Depreciation Basis													
Net Taxable Income - Straight Line Depreciation Basis	90,818,114		$80,159,457	$14,565	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Taxable Income on Declining Balance Depreciation Basis													
Net Taxable Income - Declining Balance Depreciation Basis	80,887,339		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Excess of Declining Balance Depreciation Which Reduced Consolidated Taxes	$ 9,930,775		$ 8,612,914	$ 476	$ 24,762	$ (1,242)	$ -	$ -	$ -	$ 16,798	$ 1,049,840	$ 24,223	$ [illegible]
Consolidated Tax - Net Deferred @ 52% Rate	$ 5,164,003												
Allocation of Current Tax													
Net Taxable Income - Declining Balance Depreciation Basis	$80,887,339		$73,546,543	$14,079	$ 176,984	$177,080	$10,000	$(71,841)	$(125,000)	$ 99,798	$ 1,049,840	$ 24,223	$ [illegible]
Distribution of Losses to Respective Parents	-		(258,391)	-	-	-	-	71,841	125,000	-	(187,200)	(24,223)	[illegible]
Distribution of Unused Subsidiary Parent Losses to El Paso	-		-	-	-	-	-	-	-	-	-	-	-
Net Taxable Income for Allocation of Current Tax	80,887,339		$73,288,152	$14,079	$ 176,984	$177,080	$10,000	$ -	$ -	$ 99,798	$ 862,640	$ -	$ [illegible]
Current Tax - @ 52% Rate	$42,061,416		$38,109,839	$ 7,321	$ 92,032	$ 92,081	$ 5,200	$ -	$ -	$ 51,895	$ 448,573	$ -	$ [illegible]
- @ 26% Rate	142,993		26,814	-	-	-	-	-	-	-	176,556	-	-
Total	$42,204,409		$38,136,673	$ 7,321	$ 92,032	$ 92,081	$ 5,200	$ -	$ -	$ 51,895	$ 625,129	$ -	$ [illegible]
Allocation of Deferred Tax													
Excess of Declining Balance Depreciation Which Reduced Consolidated Taxes	$ 9,930,775		$ 8,612,914	$ 476	$ 24,762	$ (1,242)	$ -	$ -	$ -	$ 16,798	$ 1,049,840	$ 24,223	$ [illegible]
Distribution of Unused Deduction to Respective Parents	-		-	-	-	-	-	-	-	-	187,200	(24,223)	[illegible]
Distribution of Unused Deduction from Subsidiary Parents to El Paso	-		-	-	-	-	-	-	-	-	-	-	-
Excess of Declining Balance Depreciation Which Reduced Taxes for Allocation of Deferred Tax	$ 9,930,775		$ 8,612,914	$ 476	$ 24,762	$ (1,242)	$ -	$ -	$ -	$ 16,798	$ 1,237,040	$ -	$ -
Deferred Tax - Net @ 52% Rate	$ 5,164,003		$ 4,478,716	$ 248	$ 12,876	$ (646)	$ -	$ -	$ -	$ 8,735	$ 643,360	$ -	$ -
Summary of All Companies													
Current Tax	$42,204,409		$38,136,673	$ 7,321	$ 92,032	$ 92,081	$ 5,200	$ -	$ -	$ 51,895	$ 625,129	$ -	$ [illegible]
Deferred Tax - Net	5,164,003		4,478,716	248	12,876	(646)	-	-	-	8,735	643,360	-	-
Total	$47,368,412		$42,615,389	$ 7,569	$ 104,908	$ 91,435	$ 5,200	$ -	$ -	$ 60,630	$ 1,268,489	$ -	$ [illegible]
Summary of El Paso and Three Subsidiaries													
Current Tax	$38,241,226		$38,136,673	$ 7,321	$ 92,032		$ 5,200						
Deferred Tax - Net	4,491,840		4,478,716	248	12,876		-						
Total	$42,733,066		$42,615,389	$ 7,569	$ 104,908		$ 5,200						

Docket No. [illegible]
Exhibit
Schedule No.
Sheet [illegible] of [illegible]
Witness _____

EL PASO NATURAL GAS COMPANY
Provision for Federal Income Tax for Year 1964 for Companies
Filing in Consolidated Return Assuming Merger of El Paso and
Pacific Northwest Pipeline Corporation Effective January 1, 1959
After Giving Effect to Dockets Numbered G-15696, G-16235 and G-16236

	Consolidated	El Paso Natural Gas Company	Pacific Northwest Operating Division	Total El Paso Natural Gas Company	El Paso Gas Transportation Corporation	El Paso Natural Gas Building Company	Utah Natural Gas Company	West Lake Natural Gasoline Company	New Mexico Western Oil & Gas Company	Westcoast Investment Corporation	Pacific Northwest Realty Corporation	El Paso Natural Gas Products Company	El Paso Venezuela Company	El Paso Products Pipeline Company	Line No.
Net Income per Books	$80,900,628	$68,046,326	$11,987,742	$80,014,421	$11,158	$196,941	$213,462	$10,000	$26,609	$(182,300)	$160,477	$[illegible]	$[illegible]	$ -	1
Tax Adjustments:															2
Intangible Drilling Cost	$ 9,630,625	$ 525,000	$ 2,705,625	$ 3,230,625	$ -	$ -	$ -	$ -	$100,000	$ -	$ -	$ 2,300,000	$ 300,000	$ -	3
Taxes Charged Construction	134,370	14,370	100,000	114,370	-	-	-	-	-	-	-	[illegible]	-	-	4
Interest Charged Construction	246,800	-	121,800	121,800	-	-	-	-	-	-	-	[illegible]	-	-	5
Excess Tax (Book) Depreciation	(1,927,629)	(413,633)	(964,463)	(1,380,093)	(3,397)	(3,300)	36,764	-	-	-	42,500	(704,344)	70	[illegible]	6
Excess Tax (Book) Depletion	(3,121,599)	(1,439,386)	(1,376,173)	(2,815,559)	-	-	-	-	-	-	-	(306,300)	-	-	7
Adjustment of Carried Interest Production	229,000	229,000	-	229,000	-	-	-	-	-	-	-	-	-	-	8
Dividend Received Deduction	606,837	147,837	-	147,837	-	-	-	-	-	-	-	459,000	-	-	9
Amortization of Debt Expense and Premium - Net	51,747	51,747	-	51,747	-	-	-	-	-	-	-	-	-	-	10
Excess Tax (Book) Abandoned Lease Cost	(300,000)	(300,000)	-	(300,000)	-	-	-	-	-	-	-	-	-	-	11
Total Deductions	$ 1,249,192	$(1,191,362)	$ 886,794	$ (304,474)	$(3,397)	$ (3,300)	$ 36,764	$ -	$126,300	$ -	$ 42,500	$ [illegible]	$ [illegible]	$ [illegible]	12
Net Taxable Income - Straight Line Depreciation Basis	$89,404,363	$69,217,591	$11,100,933	$80,318,524	$14,555	$201,841	$176,698	$10,000	$(73,391)	$(182,300)	$118,777	$ 9,781,344	$(844,370)	[illegible]	13
Excess of Declining Balance Depreciation - Current Year	(5,561,745)	(3,424,399)	(1,734,140)	(5,188,482)	(228)	(18,573)	3,656	-	-	-	(31,805)	[illegible]	[illegible]	[illegible]	14
Net Taxable Income - Declining Balance Depreciation Basis	$83,842,318	$65,793,496	$ 9,366,793	$75,130,042	$14,327	$183,268	$180,354	$10,000	$(73,391)	$(182,300)	$ 81,972	$ 9,781,344	$(844,370)	[illegible]	15
Consolidated Tax - Current @ 52% Rate	$43,598,009														16
@ 2% Rate	170,349														17
Total	$43,768,358														18
Determination of Deferred Tax															19
Taxable Income on Straight Line Depreciation Basis															20
Net Taxable Income - Straight Line Depreciation Basis	$89,404,363			$80,318,524	$14,555	$201,841	$176,698	$10,000	$(73,391)	$(182,300)	$118,777	$ 9,781,344	$(844,370)	$([illegible])	21
Taxable Income on Declining Balance Depreciation Basis															22
Net Taxable Income - Declining Balance on Depreciation Basis (See Above Computation)	83,842,318			75,130,042	14,327	183,268	180,354	10,000	(73,391)	(182,300)	81,972	9,781,344	(844,370)	[illegible]	23
Excess of Declining Balance Depreciation which Reduced Consolidated Taxes	$ 5,561,745			$ 5,188,482	$ 228	$ 18,573	$ (3,656)	$ -	$ -	$ -	$ 31,805	$ [illegible]	$ [illegible]	$ [illegible]	24
Consolidated Tax - Net Deferred @ 52% Rate	$ 2,892,107														25
Allocation of Current Tax															26
Net Taxable Income - Declining Balance Depreciation Basis	$83,842,318			$75,130,042	$14,327	$183,268	$180,354	$10,000	$(73,391)	$(182,300)	$ 81,972	$ 9,781,344	$(844,370)	[illegible]	27
Distribution of Losses to Respective Parents	-			(498,391)	-	-	-	-	73,391	182,300	-	(1,000,742)	844,370	[illegible]	28
Distribution of Unused Subsidiary Parent Losses to El Paso	-			-	-	-	-	-	-	-	-	-	-	-	29
Net Taxable Income for Allocation of Current Tax	$83,842,318			$74,631,651	$14,327	$183,268	$180,354	$10,000	$ -	$ -	$ 81,972	$ 8,780,602	$ -	$ -	30
Current Tax - @ 52% Rate	$43,598,005			$38,933,361	$ 7,450	$ 95,298	$ 93,783	$ 5,200	$ -	$ -	$ 42,626	$ 4,565,913	$ -	$ -	31
- @ 2% Rate	170,349			33,368	-	-	-	-	-	-	-	136,981	-	-	32
Total	$43,768,354			$38,966,729	$ 7,450	$ 95,298	$ 93,783	$ 5,200	$ -	$ -	$ 42,626	$ 4,557,288	$ -	$ -	33
Allocation of Deferred Tax															34
Excess of Declining Balance Depreciation which Reduced Consolidated Taxes	5,561,745			5,188,285	228	18,573	(3,656)	-	-	-	31,805	222,088	9,443	[illegible]	35
Distribution of Unused Deduction to Respective Parents	-			-	-	-	-	-	-	-	-	104,497	(9,443)	[illegible]	36
Distribution of Unused Deduction from Subsidiary Parents to El Paso	-			-	-	-	-	-	-	-	-	-	-	-	37
Excess of Declining Balance Depreciation which Reduced Taxes for Allocation of Deferred Tax	$ 5,561,745			$ 5,188,285	$ 228	$ 18,573	$ (3,656)	$ -	$ -	$ -	$ 31,805	$ 326,585	$ -	$ -	38
Deferred Tax - Net @ 52% Rate	$ 2,892,107			$ 2,697,908	$ 118	$ 9,659	$ (1,901)	$ -	$ -	$ -	$ 16,539	$ 169,784	$ -	$ -	39
Summary of All Companies															40
Current Tax	$43,768,354			$38,966,729	$ 7,450	$ 95,298	$ 93,783	$ 5,200	$ -	$ -	$ 42,626	$ 4,557,288	$ -	$ -	41
Deferred Tax - Net	2,892,107			2,697,908	118	9,659	(1,901)	-	-	-	16,539	169,784	-	-	42
Total	$46,660,461			$41,664,637	$ 7,568	$104,957	$ 91,882	$ 5,200	$ -	$ -	$ 59,165	$ 4,727,072	$ -	$ -	43
Summary of El Paso and Three Subsidiaries															44
Current Tax	$39,074,677			$38,966,729	$ 7,450	$ 95,298		$ 5,200							45
Deferred Tax - Net	2,707,685			2,697,908	118	9,659		-							46
Total	$41,782,362			$41,664,637	$ 7,568	$104,957		$ 5,200							47

CONSOLIDATED SUBSIDIARIES:

1. El Paso Gas Transportation Corporation
2. Cia. Occidental de Gas, S. A. de Capital Variable
3. El Paso Natural Gas Building Company
4. West Lake Natural Gasoline Company

Line No.		December 31, 1977				December 31, 1976				El Paso Natural Gas Company's Acquisition of Minority Interest in Pacific Northwest Pipeline Corporation and Pacific Northwest Pipeline Corporation's Redemption of Preferred Stock on January 1, 1977				January 1, 1977 Balances before Merger				December 31, 1977			
		El Paso Natural Gas Company and Four Subsidiary Companies	Pacific Northwest Pipeline Corporation	Consolidating Adjustments	Consolidated	El Paso Natural Gas Company and Four Subsidiary Companies	Pacific Northwest Pipeline Corporation	Consolidating Adjustments	Consolidated	El Paso Natural Gas Company	Pacific Northwest Pipeline Corporation	Consolidating Adjustments	Reclassifications	El Paso Natural Gas Company	Pacific Northwest Pipeline Corporation	Consolidating Adjustments	Consolidated	El Paso Natural Gas Company	Pacific Northwest Pipeline Corporation	Consolidating Adjustments	Consolidated
	Assets and Other Debits																				
1	Utility Plant	$ 921,091,706	$243,947,143	$	$1,165,038,849	$1,009,677,849	$290,910,581	$ (1,391,293)(a)	$1,301,197,037	$	$	$	$	$	$	$	$	$	$	$	$
2	Utility Plant																				
3	Less: Reserves for Depreciation, Depletion and Amortization	(151,195,941)	(5,111,842)		(156,307,783)	(167,779,841)	(1,492,172)		(169,272,013)												
4	Utility Plant Less Reserves	$ 769,895,765	$238,835,301	$	$1,008,730,066	$ 841,898,008	$289,418,409	$ (1,391,293)	$1,129,925,024	$	$	$	$	$	$	$	$	$	$	$	$
5	Investments and Fund Accounts																				
6	Other Physical Property Less Reserves	$ 10,767,609	$ -	$	$ 10,767,609	$ 10,767,608	$	$	$ 10,767,608	$	$	$	$	$	$	$	$	$	$	$	$
7	Investments in Associated Companies	99,770,839	8,344,748	43,329,116*	60,786,471	104,449,824	3,211,744	43,321,937*	70,339,631	31,161			31,161*								
8	Other Investments	18,789,608	2,848,538	1,700,000*	19,937,946	15,059,863	4,230,588	4,048,454*	15,241,997												
9	Net Investment and Fund Accounts	$ 129,327,456	$ 11,193,286	$43,329,116*	$ 91,792,026	$ 130,276,295	$ 7,442,332	$47,370,391*	$ 90,348,236	$ 31,161	$	$	$ 31,161*	$	$	$	$	$	$	$	$
10	Current and Accrued Assets																				
11	Cash	$ 4,801,994	$ 2,890,977	$	$ 7,692,971	$ 9,682,997	$ 4,891,629	$	$ 14,574,626	$ 301,629	$141,000	$	$ 442,629*	$	$	$	$	$	$	$	$
12	Special Construction Funds	23,632,849	19,634,342		39,267,191	4,998,498	32,352		5,030,850												
13	Special Deposits	146,452	4,013		150,465	184,452	4,013		188,465												
14	Working Funds	53,899	21,010		74,909	53,899	21,010		74,909												
15	Notes Receivable	89,511			89,511	89,511			89,511												
16	Accounts Receivable	39,039,148	9,659,548	1,888,104*	46,790,592	30,901,801	5,669,340	487,304*	36,083,837	21,881,112			21,881,112*								
17	Materials and Supplies	25,116,733	1,974,309		26,770,038	25,884,733	1,181,824	3,179,731*	27,886,826												
18	Prepayments and Other	3,094,559	421,457		3,476,016	3,094,559	421,457		3,476,016												
19	Gas Stored Underground	47,854			47,854	47,854			47,854												
20	Total Current and Accrued Assets	$ 96,375,241	$ 35,483,170	$ 1,888,104*	$ 130,970,307	$ 75,776,903	$ 12,221,625	$ 3,667,035*	$ 84,331,493	$ 22,182,741	$ 141,000	$	$ 22,323,741*	$	$	$	$	$	$	$	$
21	Deferred Debits																				
22	Unamortized Debt Discount and Expense	$ 2,343,028	$ 1,393,869	$	$ 3,737,097	$ 2,547,984	$ 1,199,913	$	$ 3,747,897	$	$	$	$	$	$	$	$	$	$	$	$
23	Other Deferred Debits	3,676,212	3,221,831	1,248	10,899,791	2,403,874	1,496,888	1,248	13,901,514												
24	Total Deferred Debits	$ 6,019,240	$ 4,615,700	$ 1,248	$ 14,636,888	$ 4,951,858	$ 2,696,801	$ 1,248	$ 17,649,411	$	$	$	$	$	$	$	$	$	$	$	$
25	Capital Stock Discount and Expense																				
26	Capital Stock Expense	$ 2,041,635	$ 255,991	$	$ 2,297,626	$ 2,136,215	$ 253,991	$	$ 2,389,826	$	$	$	$	$	$	$	$	$	$	$	$
27	Reacquired Securities																				
28	Reacquired Capital Stock	$ 2,329,162	$	$	$ 2,329,162	$ 367,950	$	$	$ 367,950	$	$	$	$	$	$	$	$	$	$	$	$
29	Total Assets and Other Debits	$1,005,682,713	$303,102,454	$45,916,472*	$1,239,868,695	$1,114,170,944	$320,333,940	$48,154,697	$1,371,211,187	$22,251,413	$141,000	$	$22,392,413	$	$	$	$	$	$	$	$

* Indicates Red Figures.

Note A: Represents reclassification adjustment made subsequent to December 31, 1977.

El Paso Natural Gas Company's Acquisition of Minority Interest in Pacific Northwest Pipeline Corporation and Pacific Northwest Pipeline Corporation's Redemption of Its Outstanding Cumulative Preferred Stock

Consolidating Pro Forma Balance Sheets

As of December 31, 1957, December 31, 1958 and January 1, 1959

Consolidations:

El Paso Gas Transportation Corporation
Cia. Occidental de Gas, S.A. de Capital Variable
El Paso Natural Gas Building Company
Rio Grande Natural Gas Company
Rio Grande Natural Gas Company
Rio Grande Natural Gas

Docket No. G-13019
Exhibit
Schedule No.
Sheet 1 of 3
Witness

EL PASO NATURAL GAS COMPANY AND PACIFIC NORTHWEST PIPELINE CORPORATION
Entries to Record El Paso Natural Gas Company's Acquisition of Minority Interest in Pacific Northwest Pipeline Corporation And Pacific Northwest Pipeline Corporation's Redemption of its Outstanding Cumulative Preferred Stock
January 1, 1959

Line No.		FPC Account Number	El Paso Natural Gas Company Debit	El Paso Natural Gas Company Credit	Pacific Northwest Pipeline Corporation Debit	Pacific Northwest Pipeline Corporation Credit	Consolidating Adjustments Debit	Consolidating Adjustments Credit	Consolidated Debit	Consolidated Credit	Line No.
	No. 1										
1	Investments in Associated Companies	111	$55,452					$55,452	$ -		1
2	Common Capital Stock	200		$23,436						$23,436	2
3	Premiums and Assessments on Common Capital Stock	203		32,016						32,016	3
4			$55,452	$55,452				$55,452	$ -	$55,452	4

To record the proposed acquisition of 4,464 additional shares of Common Capital Stock ($1 par) of Pacific Northwest Pipeline Corporation and the issuance, in exchange therefore, of 7,812 shares of El Paso Natural Gas Company's Common Capital Stock ($3 par) based upon an exchange ratio of fourteen shares of El Paso Natural Gas Company Common Capital Stock for eight shares of Pacific Northwest Pipeline Corporation Common Capital Stock.

	Common Capital Stock and Premium of Pacific Northwest Pipeline Corporation		
5	Common Capital Stock - $1 par value	$ 3,491,972	5
6	Premium on Common Capital Stock	$39,885,424	6
7	Total Common Capital Stock and Premium	$43,377,396	7
8	Total Shares Acquired to December 31, 1958	3,487,507.25	8
9	Number of Shares Acquired Above	4,464.00	9
10	Total Shares Acquired at January 1, 1959	3,491,971.25	10
11	Percentage Acquired at January 1, 1959 (3,491,971.25 ÷ 3,491,972)	99.9999785%	11
12	El Paso Natural Gas Company's Investment at January 1, 1959 (99.9999785% x $43,377,396)	$43,377,387	12
13	El Paso Natural Gas Company's Investment at December 31, 1958	43,321,935	13
14	Increase in Investment	$ 55,452	14

Line No.		FPC Account Number	El Paso Natural Gas Company Debit	El Paso Natural Gas Company Credit	Pacific Northwest Pipeline Corporation Debit	Pacific Northwest Pipeline Corporation Credit	Consolidating Adjustments Debit	Consolidating Adjustments Credit	Consolidated Debit	Consolidated Credit	Line No.
	No. 2										
15	Investments in Associated Companies	111	$ 9					$ 9	$ -		15
16	Capital Surplus	270	33						33		16
17	Cash	120		$ 42						$ 42	17
18			$ 42	$ 42				$ 9	$ 33	$ 42	18

To record the payment to Holder of 3/4 share of Common Stock of Pacific Northwest Pipeline Corporation, in lieu of the issuance of fractional shares of Common Stock of El Paso Natural Gas Company, under the exchange offer made to stockholders of Pacific Northwest Pipeline Corporation. For the purposes of this computation the market value of El Paso Natural Gas Company Common Stock is assumed to be $32 per share. (3/4 x 14/8 x $32.00 = $42.00)

Docket No. G-13019
Exhibit
Schedule No.
Sheet 2 of 3
Witness _____

EL PASO NATURAL GAS COMPANY AND PACIFIC NORTHWEST PIPELINE CORPORATION
Entries to Record El Paso Natural Gas Company's Acquisition of
Minority Interest in Pacific Northwest Pipeline Corporation
And Pacific Northwest Pipeline Corporation's Redemption of Its
Outstanding Cumulative Preferred Stock
January 1, 1959

Line No.		FPC Account Number	El Paso Natural Gas Company Debit	El Paso Natural Gas Company Credit	Pacific Northwest Pipeline Corporation Debit	Pacific Northwest Pipeline Corporation Credit	Consolidating Adjustments Debit	Consolidating Adjustments Credit	Consolidated Debit	Consolidated Credit	Line No.
	No. 3										
	Consolidated Balance Sheet:										
1	Minority Stockholders' Interest	-					$ 52,922		$ 52,922		1
2	Earned Surplus	-					2,539		2,539		2
3							$ 55,461		$ 55,461		3
	To eliminate minority stockholders' interest upon acquisition of 100% of Pacific Northwest Pipeline Corporation's Outstanding Common Capital Stock.										
	No. 4										
4	Receivables from Associated Companies	126	$23,300,000					$23,300,000			4
5	Cash	120	$ 300,000		$23,300,000				$23,600,000		5
6	Notes Payable to Banks	220	23,000,000							$23,000,000	6
7	Payables to Associated Companies	223	-			$23,300,000	$23,300,000				7
8			$23,300,000	$23,300,000	$23,300,000	$23,300,000	$23,300,000	$23,300,000	$23,000,000	$23,000,000	8
	To record advance to Pacific Northwest Pipeline Corporation in the amount of $23,300,000 for the redemption of Pacific Northwest Pipeline Corporation's Outstanding Cumulative Preferred Stock and also to record issuance of Notes Payable to Banks in the amount of $23,000,000.										
	No. 5										
9	Cumulative Preferred Stock	201			$17,220,000				$17,220,000		9
10	Earned Surplus - (Deficit)	271			78,925				78,925		10
11	Cash	120				$17,298,925				$17,298,925	11
12					$17,298,925	$17,298,925			$17,298,925	$17,298,925	12
	To record the redemption of 287,000 shares of $3.30 Cumulative Preferred Stock at Stated value of $60 per share plus accrued dividends to January 1, 1959.										
	No. 6										
13	Cumulative Preferred Stock	201			$ 5,800,000				$ 5,800,000		13
14	Earned Surplus - (Deficit)	271			259,067				259,067		14
15	Cash	120				$ 6,059,067				$ 6,059,067	15
16					$ 6,059,067	$ 6,059,067			$ 6,059,067	$ 6,059,067	16
	To record the redemption of 58,000 shares of Class A, $5.60 Cumulative Preferred Stock at stated value of $100 per share plus redemption premium of $4.00 per share and accrued dividends to January 1, 1959.										
17	Totals		$23,355,494	$23,355,494	$46,657,992	$46,657,992	$23,355,461	$23,355,461	$46,413,486	$46,413,486	17

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Docket No. G-13019
Exhibit
Schedule No.
Sheet 3 of 3
Witness_____

EL PASO NATURAL GAS COMPANY AND PACIFIC NORTHWEST PIPELINE CORPORATION
Entries to Record El Paso Natural Gas Company's Acquisition of
Minority Interest in Pacific Northwest Pipeline Corporation
And Pacific Northwest Pipeline Corporation's Redemption of its
Outstanding Cumulative Preferred Stock
January 1, 1959

Line No.		FPC Account Number	El Paso Natural Gas Company		Pacific Northwest Pipeline Corporation		Consolidating Ajustments		Consolidated		Line No.
			Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit	
	Summary										
1	Investments in Associated Companies	111	$ 55,461					$ 55,461	$ -		1
2	Cash	120		$ 300,042		$ 57,992				$ 358,034	2
3	Receivables from Associated Companies	126	23,300,000					23,300,000	-		3
4	Common Capital Stock	200		23,436						23,436	4
5	Cumulative Preferred Stock	201			$23,020,000				$23,020,000		5
6	Premiums and Assessments on Common Capital Stock	203		32,016						32,016	6
7	Capital Surplus	270	33						33		7
8	Earned Surplus - (Deficit)	271	-		337,992				337,992		8
	Consolidated Balance Sheet										
9	Minority Stockholders' Interest	-					52,922		52,922		9
10	Earned Surplus	-					2,539		2,539		10
11	Notes Payable to Banks	220		23,000,000						23,000,000	11
12	Payables to Associated Companies	223				$23,300,000	$23,300,000				12
13	Totals		$23,355,494	$23,355,494	$23,357,992	$23,357,992	$23,355,461	$23,355,461	$23,413,486	$23,413,486	13

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4

Docket No. G-13019
Exhibit
Schedule No.
Sheet 1 of 3
Witness_____

EL PASO NATURAL GAS COMPANY AND FOUR SUBSIDIARY COMPANIES
Adjustments Necessary to Effect Merger of Pacific Northwest Pipeline Corporation into El Paso Natural Gas Company
January 1, 1959

Line No.		FPC Account Number	El Paso Natural Gas Company and Four Subsidiary Companies Debit	El Paso Natural Gas Company and Four Subsidiary Companies Credit	Pacific Northwest Pipeline Corporation Debit	Pacific Northwest Pipeline Corporation Credit	Consolidated Total Debit	Consolidated Total Credit	Line No.
	No. 1								
1	Reserve for Amortization	251	$ 1,663		$ -		$ 1,663		1
2	Earned Surplus - (Deficit)	271	80		729		809		2
3	Gas Plant in Service - Organization Expense	100.1-301		$ 1,743		$ 729		$ 2,472	3
4			$ 1,743	$ 1,743	$ 729	729	$ 2,472	$ 2,472	4
	To Charge Earned Surplus - (Deficit) with unamortized Organization Expenses of El Paso Natural Gas Company and Pacific Northwest Pipeline Corporation which will have no Continuing Value after Merger.								
	No. 2								
5	Gas Plant in Service - Organization Expense	100.1-301	$ 60,000				$ 60,000		5
6	Accounts Payable	222		$ 60,000				$ 60,000	6
	To accrue estimated expenses incurred in effecting the Merger of Pacific Northwest Pipeline Corporation into El Paso Natural Gas Company.								
	No. 3								
7	Earned Surplus - (Deficit)	271			$ 255,591		$ 255,591		7
8	Capital Stock Expense	151				$255,591		$255,591	8
	To charge earned surplus - (Deficit) with expenses incurred in the issuance of Pacific Northwest Pipeline Corporation's Capital Stock which will have no continuing value after Merger.								
	No. 4								
9	Earned Surplus - (Deficit)	271			$ 4,646,250		$ 4,646,250		9
10	Other Investments	112		$ 4,646,250				4,646,250	10
	To eliminate Pacific Northwest Pipeline Corporation's Profit on Sale of 220,000 Shares of Common Stock of Westcoast Transmission Company Limited to El Paso Natural Gas Company.								
	No. 5								
11	Common Capital Stock	200			$ 3,491,972		$ 3,491,972		11
12	Premiums and Assessments on Common Capital Stock	203			39,885,424		39,885,424		12
13	Investments in Associated Companies	111		$43,377,396				$43,377,396	13
14				$43,377,396	$43,377,396		$43,377,396	$43,377,396	14
	To record the cancellation of Pacific Northwest Pipeline Corporation's Outstanding Common Capital Stock and to record the cancellation of El Paso's Investment in Pacific.								

EL PASO NATURAL GAS COMPANY AND FOUR SUBSIDIARY COMPANIES
Adjustments Necessary to Effect Merger of Pacific Northwest
Pipeline Corporation into El Paso Natural Gas Company
January 1, 1959

Line No.		FPC Account Number	El Paso Natural Gas Company And Four Subsidiary Companies Debit	El Paso Natural Gas Company And Four Subsidiary Companies Credit	Pacific Northwest Pipeline Corporation Debit	Pacific Northwest Pipeline Corporation Credit	Consolidated Total Debit	Consolidated Total Credit	Line No.
	No. 6								
1	Payables to Associated Companies	223	$ 586,312		$ 23,300,000		$23,886,312	$	1
2	Other Deferred Debits	146					1,048		2
3	Receivables from Associated Companies	126		$ 23,887,360				23,887,360	3
4			$ 586,312	$ 23,887,360	$ 23,300,000		$23,887,360	$23,887,360	4
	To Eliminate and Adjust Inter-Company Receivables and Payables.								
	No. 7								
5	Utility Plant	100	$266,794,879			$266,794,879			5
6	Reserves for Depreciation, Depletion, Amortization	250-251		$ 14,622,162	$ 14,622,162				6
7	Investments in Associated Companies	111	9,211,746			9,211,746			7
8	Other Investments	112	2,150,188			2,150,188			8
9	Cash	120	4,837,457			4,837,457			9
10	Special Construction Funds	121	34,392			34,392			10
11	Special Deposits	121	34,013			34,013			11
12	Working Funds	122	21,010			21,010			12
13	Accounts Receivable	125	5,517,674			5,517,674			13
14	Receivables from Associated Companies	126	22,022			22,022			14
15	Interest and Dividends Receivable	128	67,250			67,250			15
16	Materials and Supplies	131	2,012,061			2,012,061			16
17	Prepayments	132	421,457			421,457			17
18	Unamortized Debt Discount and Expense	140	1,199,915			1,199,915			18
19	Other Deferred Debits	146	104,461			104,461			19
20	Prepaid Gas Purchases	146	7,379,925			7,379,925			20
21			$299,808,450	$ 14,622,162	$ 14,622,162	$299,808,450			21
	To Record the Transfer of Assets and Other Debits from Pacific Northwest Pipeline Corporation to El Paso Natural Gas Company.								
	No. 8								
22	First Mortgage Pipe Line Bonds	210		$163,200,000	$163,200,000				22
23	Notes Payable to Banks	213		37,325,000	37,325,000				23
24	Miscellaneous Long Term Debt	213		5,853,882	5,853,882				24
25	Accounts Payable	222		5,150,617	5,150,617				25
26	Payables to Associated Companies	223		210,701	210,701				26
27	Accrued Taxes, Other than Federal Income Tax	228		842,609	842,609				27
28	Accrued Interest	229		2,388,454	2,388,454				28
29	Other Deferred Credits	242		1,471,511	1,471,511				29
30	Earned Surplus - (Deficit)	271	$ 2,580,132			$ 2,580,132			30
31			$ 2,580,132	$216,442,774	$216,442,774	$ 2,580,132			31
	To Record the Transfer of Liabilities and Other Credits from Pacific Northwest Pipeline Corporation to El Paso Natural Gas Company.								
32	Totals						$72,229,069	$72,229,069	32

(7348)

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Docket No. G-13019
Exhibit
Schedule No.
Sheet 3 of 3
Witness_____

EL PASO NATURAL GAS COMPANY AND FOUR SUBSIDIARY COMPANIES
Adjustments Necessary to Effect Merger of Pacific Northwest
Pipeline Corporation into El Paso Natural Gas Company
January 1, 1959

Line No.	Summary	FPC Account Number	Consolidated Total Debit	Consolidated Total Credit
1	Gas Plant in Service - Organization Expense	100.1-301	$ 57,528	
2	Reserve for Amortization	251	1,663	
3	Investments in Associated Companies	111		$43,377,396
4	Other Investments	112		4,646,250
5	Receivables from Associated Companies	126		23,887,360
6	Other Deferred Debits	146	1,048	
7	Capital Stock Expense	151		255,591
8	Common Capital Stock	200	3,491,972	
9	Premiums and Assessments on Common Capital Stock	203	39,885,424	
10	Earned Surplus - (Deficit)	271	4,902,690	
11	Accounts Payable	222		60,000
12	Payables to Associated Companies	223	23,886,312	
13	Totals		$72,226,597	$72,226,597

J-158
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EL PASO NATURAL GAS COMPANY AND FOUR SUBSIDIARY COMPANIES
Assuming Merger With Pacific Northwest Pipeline Corporation Effective January 1, 1959
Consolidated Pro Forma Balance Sheets
December 31, 1959 through December 31, 1964

CONSOLIDATED SUBSIDIARIES:

1. El Paso Gas Transportation Corporation
2. Cia. Occidental de Gas, S.A. de Capital Variable
3. El Paso Natural Gas Building Company
4. West Lake Natural Gasoline Company

Line No.	Assets and Other Debits	December 31, 1959	December 31, 1960	December 31, 1961	December 31, 1962	December 31, 1963	December 31, 1964	Line No.
	Utility Plant							
1	Utility Plant	$1,493,627,514	$1,525,453,165	$1,538,637,005	$1,546,512,345	$1,552,993,745	$1,559,514,925	1
2	Less: Reserves for Depreciation, Depletion and Amortization	256,365,124	314,817,504	373,457,834	433,061,186	492,956,153	553,027,068	2
3	Utility Plant Less Reserves	$1,237,262,390	$1,210,635,661	$1,165,179,171	$1,113,451,159	$1,060,037,592	$1,006,487,857	3
	Investment and Fund Accounts							
4	Other Physical Property Less Reserve	$ 10,686,411	$ 10,645,814	$ 10,605,217	$ 10,564,620	$ 10,524,023	$ 10,483,426	4
5	Investments in Associated Companies	72,524,635	72,709,635	72,894,635	73,079,635	73,264,635	73,449,635	5
6	Other Investments	31,178,470	37,315,428	29,990,351	29,292,709	28,631,802	27,998,611	6
7	Net Investment and Fund Accounts	$ 114,389,516	$ 120,670,877	$ 113,490,203	$ 112,939,964	$ 112,420,460	$ 111,931,672	7
	Current and Accrued Assets							
8	Cash	$ 12,711,768	$ 13,622,003	$ 11,997,002	$ 11,877,628	$ 20,988,995	$ 31,233,119	8
9	Special Construction Funds	4,666,757	1,945,176	746,285	-	-	-	9
10	Special Deposits	198,465	198,465	198,465	198,465	198,465	198,465	10
11	Working Funds	76,885	76,885	76,885	76,885	76,885	76,885	11
12	Notes Receivable	89,511	89,511	89,511	89,511	89,511	89,511	12
13	Accounts Receivable	35,413,407	35,413,407	35,413,407	35,413,407	35,413,407	35,413,407	13
14	Materials and Supplies	28,246,794	28,246,794	28,246,794	28,246,794	28,246,794	28,246,794	14
15	Prepayments and Other	3,476,016	3,476,016	3,476,016	3,476,016	3,476,016	3,476,016	15
16	Gas Stored Underground	427,804	427,804	427,804	427,804	427,804	427,804	16
17	Total Current and Accrued Assets	$ 85,307,407	$ 83,496,061	$ 80,672,169	$ 73,806,510	$ 88,917,877	$ 99,162,001	17
	Deferred Debits							
18	Unamortized Debt Discount and Expense	$ 3,688,058	$ 3,359,999	$ 3,037,795	$ 2,727,837	$ 2,432,507	$ 2,153,898	18
19	Other Deferred Debits	12,778,414	9,984,482	8,340,058	7,293,150	6,589,765	5,829,126	19
20	Total Deferred Debits	$ 16,466,472	$ 13,344,481	$ 11,377,853	$ 10,020,987	$ 9,042,272	$ 7,983,024	20
	Capital Stock Discount and Expense							
21	Capital Stock Expense	$ 3,229,215	$ 3,229,215	$ 3,229,215	$ 3,229,215	$ 3,229,215	$ 3,229,215	21
	Reacquired Securities							
22	Reacquired Capital Stock	$ 14,862	$ 14,862	$ 14,862	$ 14,862	$ 14,862	$ 14,862	22
23	Total Assets and Other Debits	$1,456,669,862	$1,431,391,157	$1,373,963,473	$1,319,462,697	$1,273,642,278	$1,228,808,631	23

Docket No. G-13019
Exhibit
Schedule No.
Sheet 2 of 2
Witness

EL PASO NATURAL GAS COMPANY AND FOUR SUBSIDIARY COMPANIES
Assuming Merger With Pacific Northwest Pipeline Corporation Effective January 1, 1959
Consolidated Pro Forma Balance Sheets
December 31, 1959 through December 31, 1964

CONSOLIDATED SUBSIDIARIES:

1. El Paso Gas Transportation Corporation
2. Cia. Occidental de Gas, S.A. de Capital Variable
3. El Paso Natural Gas Building Company
4. West Lake Natural Gasoline Company

Line No.	Liabilities and Other Credits	December 31, 1959	December 31, 1960	December 31, 1961	December 31, 1962	December 31, 1963	December 31, 1964	Line No.
	Capital Stock and Surplus							
1	Cumulative Preferred Stock	$ 91,450,000	$ 89,025,000	$ 86,600,000	$ 83,425,000	$ 79,500,000	$ 75,575,000	1
2	Convertible Second Preferred Stock	47,190,600	47,190,600	47,190,600	47,190,600	47,190,600	47,190,600	2
3	Common Stock	52,979,760	52,979,760	53,137,260	53,137,260	53,137,260	53,137,260	3
4	Premium on Preferred Stock	683,000	646,000	609,000	572,000	535,000	498,000	4
5	Premium on Common Stock	135,574,070	135,574,070	136,250,195	136,250,195	136,250,195	136,250,195	5
6	Capital Surplus	444,228	444,228	444,228	444,228	444,228	444,228	6
7	Earned Surplus	72,626,631	74,478,682	75,307,530	82,586,599	92,056,934	100,811,977	7
8	Total Capital Stock and Surplus	$ 400,948,289	$ 400,338,340	$ 399,538,813	$ 403,605,882	$ 409,114,217	$ 413,907,260	8
	Long Term Debt							
9	First Mortgage Pipe Line Bonds	$ 760,741,000	$ 736,013,000	$ 705,378,000	$ 666,205,000	$ 620,847,000	$ 574,304,000	9
10	Sinking Fund Debentures	75,500,000	71,400,000	67,300,000	63,200,000	59,100,000	53,800,000	10
11	Convertible Debentures	60,000,000	60,000,000	60,000,000	60,000,000	60,000,000	60,000,000	11
12	First Mortgage Note	2,655,166	2,572,751	2,486,564	2,396,433	2,302,177	2,203,607	12
13	Notes Payable to Banks	22,225,000	13,200,000	4,175,000	-	-	-	13
14	Miscellaneous Long Term Debt	9,431,211	7,151,127	6,398,733	5,659,000	5,656,500	5,654,000	14
15	Total Long Term Debt	$ 930,552,377	$ 890,336,878	$ 845,738,297	$ 797,460,433	$ 747,905,677	$ 695,961,607	15
	Current and Accrued Liabilities							
16	Notes Payable to Banks	$ 64,000,000	$ 64,000,000	$ 31,000,000	$ 8,000,000	$ -	$ -	16
17	Accounts Payable	16,388,803	11,867,803	11,867,803	11,867,803	11,867,803	11,867,803	17
18	Accrued Federal Income Tax	33,378	33,378	9,790,078	16,827,175	19,203,991	19,620,716	18
19	Accrued Taxes, Other than Federal Income Tax	6,317,697	7,395,391	7,474,708	7,526,319	7,530,232	7,490,983	19
20	Accrued Interest	11,388,273	11,054,315	10,567,958	9,836,261	9,195,851	8,432,144	20
21	Total Current and Accrued Liabilities	$ 98,128,151	$ 94,350,887	$ 70,700,547	$ 54,057,558	$ 47,797,877	$ 47,411,646	21
	Deferred Credits							
22	Unamortized Premium on Debt	$ 43,404	$ 30,999	$ 20,677	$ 12,437	$ 6,280	$ 2,206	22
23	Customers' Advances for Construction	1,431,944	100,000	100,000	100,000	100,000	100,000	23
24	Other Deferred Credits	1,471,511	1,471,511	1,471,511	1,471,511	1,471,511	1,471,511	24
25	Total Deferred Credits	$ 2,946,859	$ 1,602,510	$ 1,592,188	$ 1,583,948	$ 1,577,791	$ 1,573,717	25
	Reserves							
26	Provision for Rate Refunds, Less Tax	$ 3,722,958	$ 3,722,958	$ 3,722,958	$ 3,722,958	$ 3,722,958	$ 3,722,958	26
	Contributions in Aid of Construction							
27	Contributions in Aid of Construction	$ 596,692	$ 596,692	$ 596,692	$ 596,692	$ 596,692	$ 596,692	27
28	**Accumulated Deferred Federal Taxes on Income**	$ 19,774,536	$ 40,442,892	$ 52,073,978	$ 58,435,226	$ 62,927,066	$ 65,634,751	
29	Total Liabilities and Other Credits	$1,456,669,862	$1,431,391,157	$1,373,963,473	$1,319,462,697	$1,273,642,278	$1,228,808,631	29
30	**Net Common Shares Outstanding**	17,654,966	17,654,966	17,707,466	17,707,466	17,707,466	17,707,466	30

(7357)

Hearing Exhibit No. 385

FEDERAL POWER COMMISSION 7357

Filed with Exrs. Certification Docket No. G-13018
dated NOV 20 1959 Hearing Ex. No. 385
Date Identified NOV. 24 1958
Date Admitted NOV 25 1958

PACIFIC NORTHWEST PIPELINE CORPORATION
STATEMENT OF GAS PURCHASES* AND GAS PAID FOR BUT NOT TAKEN AS OF SEPTEMBER 30, 1958
SUMMARY

Mcf @ 15.025

		GAS PURCHASED		GAS PAID FOR BUT NOT TAKEN	
FIELD	COMPANY	Mcf	VALUE	Mcf	AMOUNT
Big Piney					
	Belco Petroleum Corp.	32,303,413	$ 4,845,511.95	30,321,587	$4,548,238.05
	Belfer Natural Gas Co.	14,809,633	2,176,375.05	8,002,871	1,200,430.65
Total - Big Piney Field		47,113,046	$ 7,021,887.00	38,324,458	$5,748,668.70
Hogback					
	General Petroleum Corp.	4,221,046	$ 633,159.60	2,449,767	$ 367,465.05
Tip Top					
	General Petroleum Corp.	9,096,177	$ 1,364,426.55	3,078,031	$ 454,756.80
Bar - X					
	American Climax Pet. Corp.	3,280,659	$ 355,093.19	948,605	$ 104,346.55
	Beehive Uranium Corp.	526,919	62,338.19	3,126	375.12
Total - Bar - X Field		3,807,578	$ 417,431.38	951,731	$ 104,721.67
San Juan					
	Magnolia Pet. Co.	6,646,140	$ 797,536.80	99,461	$ 11,935.32
	Northwest Prod. Corp.	10,027,151	1,203,264.52	1,463,966	175,675.58
	Pan American Pet. Corp.	7,661,292	919,355.04	758,538	91,024.56
	San Juan Gas Corp.	728,452	87,414.24	157,595	18,911.36
	Skelly Oil Company	486,028	58,323.00	73,271	8,792.52
Total - San Juan Field		25,549,063	$ 3,065,893.60	2,552,831	$ 306,339.34
Grand Total - All Fields		89,786,928	$12,502,798.13	47,356,818	$6,981,951.56

* Includes only those Companies to which Pacific Northwest Pipeline Corporation has made payment for gas not taken.

PACIFIC NORTHWEST PIPELINE CORPORATION
STATEMENT OF GAS PURCHASES AND GAS PAID FOR BUT NOT TAKEN AS OF SEPTEMBER 30, 1958

BELCO PETROLEUM CORPORATION
BIG PINEY FIELD - CONTRACT DATED JULY 24, 1953 (BELCO NO. 1)

Mcf @ 15.025 PSIA

YEAR	MONTH	GAS PURCHASED Mcf	GAS PURCHASED VALUE	GAS PAID FOR BUT NOT TAKEN Mcf	GAS PAID FOR BUT NOT TAKEN VALUE
1954	October	-0-	$ -0-	450,000	$ 67,500.00
	November	-0-	-0-	450,000	67,500.00
	December	-0-	-0-	450,000	67,500.00
Total - 1954		-0-	$ -0	1,350,000	$ 202,500.00
1955	January	-0-	$ -0-	450,000	$ 67,500.00
	February	-0-	-0-	450,000	67,500.00
	March	-0-	-0-	450,000	67,500.00
	April	-0-	-0-	450,000	67,500.00
	May	-0-	-0-	450,000	67,500.00
	June	-0-	-0-	450,000	67,500.00
	July	-0-	-0-	450,000	67,500.00
	August	-0-	-0-	450,000	67,500.00
	September	-0-	-0-	450,000	67,500.00
	October	-0-	-0-	1,125,000	168,750.00
	November	-0-	-0	1,125,000	168,750.00
	December	-0-	-0	1,125,000	168,750.00
Total - 1955		-0-	$ -0-	7,425,000	$ 1,113,750.00
1956	January	-0-	$ -0-	1,125,000	$ 168,750.00
	February	-0-	-0-	1,125,000	168,750.00
	March	-0-	-0-	1,125,000	168,750.00
	April	-0-	-0-	1,125,000	168,750.00
	May	-0-	-0-	1,125,000	168,750.00
	June	23,988	3,598.20	1,101,012	165,151.80
	July	374,772	56,215.80	750,228	112,534.20
	August	439,333	65,899.95	685,667	102,850.05
	September	491,663	73,749.45	633,337	95,000.55
	October	1,050,969	157,645.35	74,031	11,104.65
	November	744,071	111,610.65	380,929	57,139.35
	December	1,038,424	155,763.60	86,576	12,986.40
Total - 1956		4,163,220	$ 624,483.00	9,336,780	$ 1,400,517.00
1957	January	1,357,492	$ 203,623.80	(232,492)	$ (34,873.80)
	February	1,258,050	188,707.50	(133,050)	(19,957.50)
	March	1,405,427	210,814.05	(280,427)	(42,064.05)
	April	1,364,987	204,748.05	(239,987)	(35,998.05)
	May	1,387,749	208,162.35	(262,749)	(39,412.35)
	June	1,339,101	200,865.15	(214,101)	(32,115.15)
	July	1,133,013	169,951.95	(8,013)	(1,201.95)
	August	1,316,338	197,450.70	(191,338)	(28,700.00)

PACIFIC NORTHWEST PIPELINE CORPORATION
STATEMENT OF GAS FOR WASES AND GAS PAID
FOR BUT NOT TAKEN AS OF SEPTEMBER 30, 1958

Mcf @ 14.025 PSIA

		GAS PURCHASED		GAS PAID FOR BUT NOT TAKEN	
YEAR	MONTH	Mcf	VALUE	Mcf	VALUE
1957	September	1,193,848	$ 179,077.20	(68,848)	$ (10,327.20)
	October	1,346,674	202,001.10	(221,674)	(33,251.10)
	November	1,697,397	254,609.55	(572,397)	(85,859.55)
	December	1,726,783	259,017.45	(601,783)	(90,267.45)
Total - 1957		16,526,859	$ 2,479,028.85	(3,026,859)	$ (454,028.85)
1958	January	1,779,556	$ 266,933.40	(654,336)	$ (98,183.40)
	February	1,515,663	227,349.45	(390,663)	(58,599.45)
	March	1,773,730	266,059.50	(648,730)	(97,309.50)
	April	1,625,216	243,782.40	(500,216)	(75,032.40)
	May	1,344,729	201,709.35	(219,729)	(32,959.35)
	June	1,224,772	183,715.80	(99,772)	(14,965.80)
	July	566,654	84,998.10	408,346	61,251.90
	August	716,533	107,479.95	408,467	61,270.05
	September	1,066,481	150,972.15	58,519	8,777.85
Total - 1958 through September, 1958		11,613,334	$ 1,742,000.10	(1,638,334)	$ (245,750.10)
Grand Total Through September, 1958		12,303,413	$ 4,845,511.95	13,446,587	$ 2,016,988.05

PACIFIC NORTHWEST PIPELINE CORPORATION
STATEMENT OF GAS PURCHASES AND GAS PAID FOR BUT NOT TAKEN AS OF SEPTEMBER 30, 1958

BELCO PETROLEUM CORPORATION
BIG PINEY FIELD - CONTRACT DATED JUNE 8, 1956 (BELCO NO. 2)

Mcf @ 15.025 PSIA

		GAS PURCHASED		GAS PAID FOR BUT NOT TAKEN	
YEAR	MONTH	Mcf	VALUE	Mcf	VALUE
1957	July	-0-	$ -0	1,125,000	$ 168,750.00
	August	-0-	-0-	1,125,000	168,750.00
	September	-0-	-0	1,125,000	168,750.00
	October	-0-	-0-	1,125,000	168,750.00
	November	-0-	-0-	1,125,000	168,750.00
	December	-0-	-0-	1,125,000	168,750.00
Total - 1957		-0-	$ -0-	6,750,000	$ 1,012,500.00
1958	January	-0-	$ -0-	1,125,000	$ 168,750.00
	February	-0-	-0-	1,125,000	168,750.00
	March	-0-	-0-	1,125,000	168,750.00
	April	-0-	-0-	1,125,000	168,750.00
	May	-0-	-0-	1,125,000	168,750.00
	June	-0-	-0-	1,125,000	168,750.00
	July	-0-	-0-	1,125,000	168,750.00
	August	-0-	-0-	1,125,000	168,750.00
	September	-0-	-0-	1,125,000	168,750.00
Total - 1958 through September, 1958		-0-	$ -0-	10,125,000	$ 1,518,750.00
Grand Total Through September, 1958		-0-	$ -0-	16,875,000	$ 2,531,250.00

PACIFIC NORTHWEST PIPELINE CORPORATION
STATEMENT OF GAS PURCHASES AND GAS PAID FOR BUT NOT TAKEN AS OF SEPTEMBER 30, 1958

HELFER NATURAL GAS COMPANY
BIG PINEY - CONTRACT DATED AUGUST 26, 1955

Mcf @ 15.025 PSIA

YEAR	MONTH	GAS PURCHASED Mcf	GAS PURCHASED VALUE	GAS PAID FOR BUT NOT TAKEN Mcf	GAS PAID FOR BUT NOT TAKEN VALUE
1956	September	-0-	$ -0-	456,250	$ 68,437.50
	October	69,186	10,377.90	387,064	58,059.60
	November	184,556	27,683.40	271,694	40,754.10
	December	257,244	38,586.60	199,006	29,850.90
Total - 1956		510,986	$ 76,647.90	1,314,014	$ 197,102.10
1957	January	470,484	$ 70,572.60	(14,234)	$ (2,135.10)
	February	399,922	59,988.30	56,328	8,449.20
	March	445,198	66,779.70	11,052	1,657.80
	April	455,262	68,289.30	988	148.20
	May	461,343	69,201.45	(5,093)	(763.95)
	June	449,631	41,777.25	6,619	992.85
	July	409,262	58,130.44	503,238	75,485.70
	August	416,850	50,255.29	495,641	74,346.15
	September	629,538	91,432.43	282,962	42,444.30
	October	691,915	100,224.18	220,585	33,087.75
	November	700,376	103,103.98	1,723,958	258,593.65
	December	1,304,273	177,702.27	12,394	1,859.10
Total - 1957		6,743,063	$ 966,457.19	3,294,438	$ 494,165.65
1958	January	1,136,368	$ 169,030.87	90,299	$ 13,544.85
	February	1,010,043	147,506.33	200,624	30,093.60
	March	1,095,850	160,736.27	120,808	18,121.20
	April	1,071,543	157,930.72	145,124	21,768.60
	May	757,793	113,437.83	458,874	68,831.10
	June	540,295	80,170.33	667,372	100,105.80
	July	523,488	81,403.71	693,179	103,976.90
	August	553,769	87,181.76	602,868	90,434.70
	September	867,456	134,613.14	349,741	52,386.15
Total - 1958 through September, 1958		7,555,584	$ 1,133,060.96	3,304,410	$ 500,102.90
Grand Total Through September, 1958		14,809,633	$ 2,176,375.65	8,002,871	$ 1,200,430.65

PACIFIC NORTHWEST PIPELINE CORPORATION
STATEMENT OF GAS PURCHASES AND GAS PAID FOR BUT NOT TAKEN AS OF SEPTEMBER 30, 1958

GENERAL PETROLEUM CORPORATION
ROOSBACK FIELD - CONTRACT DATED MAY 16, 1956

Mcf @ 15.025 PSIA

YEAR	MONTH	GAS PURCHASED Mcf	GAS PURCHASED VALUE	GAS PAID FOR BUT NOT TAKEN Mcf	GAS PAID FOR BUT NOT TAKEN VALUE
1956	November	19,898	$ 2,984.70	280,102	$ 42,015.30
	December	61,303	9,195.45	248,697	37,304.55
Total - 1956		81,201	$ 12,180.15	528,799	$ 79,319.85
1957	January	75,526	$ 11,328.90	234,474	$ 35,171.10
	February	109,422	16,413.30	170,578	25,586.70
	March	117,836	17,675.40	192,164	28,824.60
	April	218,940	32,841.00	81,060	12,159.00
	May	212,361	31,854.15	97,639	14,645.85
	June	189,118	28,367.70	110,882	16,632.30
	July	191,949	28,792.35	118,051	17,707.65
	August	165,166	24,774.90	144,834	21,725.10
	September	163,319	24,497.85	136,681	20,502.15
	October	163,578	24,536.70	146,422	21,963.30
	November	167,989	25,198.35	282,011	42,301.65
	December	258,828	38,824.20	206,172	30,925.80
Total - 1957		2,034,032	$ 305,104.80	1,920,968	$ 288,145.20
1958	January	229,573	$ 34,435.95	-0-	$ -0-
	February	199,210	29,881.50	-0-	-0-
	March	241,786	36,267.90	-0-	-0-
	April	296,739	44,510.85	-0-	-0-
	May	267,237	40,085.55	-0-	-0-
	June	213,441	32,016.15	-0-	-0-
	July	193,742	29,061.30	-0-	-0-
	August	175,810	26,371.50	-0-	-0-
	September	288,293	43,243.95	-0-	-0-
Total - 1958 through September, 1958		2,105,831	$ 315,874.65	-0-	$ -0-
Grand Total Through September, 1958		4,221,064	$ 633,159.60	2,449,767	$ 367,465.05

PACIFIC NORTHWEST PIPELINE CORPORATION
STATEMENT OF GAS PURCHASES AND GAS PAID FOR BUT NOT TAKEN AS OF SEPTEMBER 30, 1958

GENERAL PETROLEUM CORPORATION
TIP TOP FIELD - CONTRACT DATED JULY 15, 1953

Mcf @ 15.025 PSIA

YEAR	MONTH	GAS PURCHASED Mcf	GAS PURCHASED VALUE	GAS PAID FOR BUT NOT TAKEN Mcf	GAS PAID FOR BUT NOT TAKEN VALUE
1956	November	99,404	$ 14,910.60	500,596	$ 75,089.40
	December	241,196	36,179.40	378,804	56,820.60
Total - 1956		340,600	$ 51,090.00	879,400	$ 131,910.00
1957	January	270,040	$ 40,506.00	349,960	$ 52,494.00
	February	380,957	57,143.55	179,043	26,856.45
	March	433,089	64,963.35	166,911	25,036.65
	April	443,468	66,520.20	156,532	23,479.80
	May	442,371	66,355.65	177,629	26,644.35
	June	404,117	60,617.55	195,883	29,382.45
	July	392,282	58,842.30	272,718	34,157.70
	August	391,854	58,778.10	228,146	34,221.90
	September	484,503	72,675.45	115,497	17,324.55
	October	501,358	75,203.70	118,642	17,796.30
	November	487,476	73,121.40	112,524	16,878.60
	December	516,173	77,425.95	103,827	15,574.05
Total - 1957		5,147,688	$ 772,153.20	2,198,631	$ 322,846.80
1958	January	482,283	$ 72,342.45	-0-	$ -0-
	February	442,007	66,301.05	-0-	-0-
	March	478,029	71,704.35	-0-	-0-
	April	464,092	69,613.80	-0-	-0-
	May	446,319	66,947.85	-0-	-0-
	June	355,802	53,370.30	-0-	-0-
	July	246,570	36,985.50	-0-	-0-
	August	285,321	42,798.15	-0-	-0-
	September	407,466	61,119.90	-0-	-0-
Total - 1958 through September, 1958		3,607,889	$ 541,183.35	-0-	$ -0-
Grand Total Through September, 1958		9,096,177	$ 1,364,426.55	3,078,031	$ 454,756.80

PACIFIC NORTHWEST PIPELINE CORPORATION
STATEMENT OF GAS PURCHASES AND GAS PAID FOR BUT NOT TAKEN AS OF SEPTEMBER 30, 1958

AMERICAN CLIMAX PETROLEUM CORPORATION
BAR - X FIELD - CONTRACT DATED APRIL 29, 1957

Mcf @ 15.025 PSIA

YEAR	MONTH	GAS PURCHASED Mcf	GAS PURCHASED VALUE	GAS PAID FOR BUT NOT TAKEN Mcf	GAS PAID FOR BUT NOT TAKEN VALUE
1956	October	37,138	$ 3,713.80		$
	November	125,167	12,516.70		
	December	37,965	3,796.50		
Total - 1956		200,270	$ 20,027.00	1,168,766	$ 128,450.10
1957	January	98,169	$ 9,816.90		$
	February	81,165	8,116.50		
	March	146,362	14,636.20		
	April	87,737	8,773.70		
	May	151,346	15,134.60		
	June	137,768	13,776.80		
	July	124,231	12,423.10		
	August	77,062	7,706.20		
	September	103,259	10,945.45		
	October	113,919	13,807.42		
	November	105,387	10,854.87		
	December	79,883	8,164.04		
Total - 1957		1,306,288	$ 134,155.78	37,220	$ 4,094.20
1958	January	150,546	15,220.20	-0-	$ -0-
	February	154,360	14,149.34	-0-	-0-
	March	194,785	19,108.41	-0-	-0-
	April	226,610	21,414.65	-0-	-0-
	May	268,571	39,369.19	(80,511)	(8,856.21)
	June	225,684	27,010.08	(67,525)	(7,313.59)
	July	209,180	25,101.60	(54,180)	(5,959.80)
	August	168,179	18,568.48	(28,179)	(3,099.69)
	September	176,986	20,968.46	(26,986)	(2,969.46)
Total - 1958 through September, 1958		1,774,101	$ 200,910.41	(257,381)	$ (28,197.75)
Grand Total Through September, 1958		3,280,659	$ 355,093.19	948,605	$ 104,346.55

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PACIFIC NORTHWEST PIPELINE CORPORATION
STATEMENT OF GAS PURCHASES AND GAS PAID FOR BUT NOT TAKEN AS OF SEPTEMBER 30, 1958

BEEHIVE URANIUM CORPORATION AND STANDARD URANIUM CORPORATION
BAR - X FIELD - CONTRACT DATED MARCH 12, 1957

Mcf @ 15.025 PSIA

		GAS PURCHASED		GAS PAID FOR BUT NOT TAKEN	
YEAR	MONTH	Mcf	VALUE	Mcf	VALUE
1957	October	44,508	$ 5,340.96		$
	November	51,677	6,201.24		
	December	49	5.88		
Total - 1957		96,234	$ 11,548.08	3,126	$ 375.12
1958	January	16,899	$ 2,027.88		$
	February	25,275	3,033.00		
	March	38,118	4,574.16		
	April	81,568	9,788.16		
	May	86,[illegible]	10,141.86		
	June	72,239	8,423.07		
	July	40,432	4,722.46		
	August	36,936	4,314.12		
	September	32,238	3,765.40		
Total - 1958 through September, 1958		430,685	$ 50,790.11	-0-	-0-
Grand Total Through September, 1958		526,919	$ 62,338.19	3,126	$ 375.12

(7366) 7366

PACIFIC NORTHWEST PIPELINE CORPORATION
STATEMENT OF GAS PURCHASES AND GAS PAID FOR BUT NOT TAKEN AS OF SEPTEMBER 30, 1958

MAGNOLIA PETROLEUM COMPANY
SAN JUAN BASIN - CONTRACT DATED JUNE 15, 1956

Mcf @ 15.025 PSIA

YEAR	MONTH	GAS PURCHASED Mcf	GAS PURCHASED VALUE	GAS PAID FOR BUT NOT TAKEN Mcf	GAS PAID FOR BUT NOT TAKEN VALUE
1956	November	-0-	$ -0-		
	December	-0-	-0-		
Total - 1956		-0-	$ -0-	285,520	$ 34,262.40
1957	January	-0-	$ -0-		$
	February	48,659	5,839.08		
	March	254,353	30,522.36		
	April	368,084	44,170.08		
	May	301,224	36,146.88		
	June	201,711	24,205.32		
	July	240,351	28,842.12		
	August	385,880	46,305.60		
	September	315,552	37,866.24		
	October	315,613	37,873.56		
	November	264,638	31,756.56		
	December	258,677	31,041.24		
Total - 1957		2,954,742	$ 354,569.04	(186,059)	$ (22,327.08)
1958	January	320,924	$ 38,510.88		$
	February	270,492	32,459.04		
	March	285,667	34,280.04		
	April	494,335	59,320.20		
	May	656,469	78,776.28		
	June	525,085	63,010.20		
	July	465,875	55,905.00		
	August	343,896	41,267.52		
	September	328,655	39,438.60		
Total - 1958 through September, 1958		3,691,398	$ 442,967.76	-0-	$ -0-
Grand Total Through September, 1958		6,646,140	$ 797,536.80	99,461	$ 11,935.32

PACIFIC NORTHWEST PIPELINE CORPORATION
STATEMENT OF GAS PURCHASES AND GAS PAID FOR BUT NOT TAKEN AS OF SEPTEMBER 30, 1958

NORTHWEST PRODUCTION CORPORATION
SAN JUAN BASIN - CONTRACT DATED JUNE 15, 1956

Mcf @ 15.025 PSIA

		GAS PURCHASED		GAS PAID FOR BUT NOT TAKEN	
YEAR	MONTH	Mcf	VALUE	Mcf	VALUE
1956	September	66,014	$ 7,927.42	-0-	$ -0-
	October	118,625	14,233.46	-0-	-0-
	November	111,517	13,382.05	-0-	-0-
	December	85,402	10,247.94	-0-	-0-
Total - 1956		381,558	$ 45,790.87	-0-	$ -0-
1957	January	102,102	12,252.24	-0-	-0-
	February	87,482	10,497.84	-0-	-0-
	March	206,248	24,749.76	-0-	-0-
	April	345,130	41,415.60	-0-	-0-
	May	458,223	54,986.76	-0-	-0-
	June	436,665	52,639.80	-0-	-0-
	July	693,985	83,278.20	-0-	-0-
	August	716,131	85,935.72	-0-	-0-
	September	295,948	35,513.75	-0-	-0-
	October	503,125	60,375.00	-0-	-0-
	November	515,088	61,810.56	-0-	-0-
	December	507,137	60,866.44	-0-	-0-
Total - 1957		4,869,264	$ 584,311.68	-0-	$ -0-
1958	January	434,720	52,166.40	-0-	-0-
	February	443,103	53,172.36	-0-	-0-
	March	350,241	42,029.27	-0-	-0-
	April	581,026	69,723.40	-0-	-0-
	May	633,718	76,046.55	716,667	86,000.00
	June	710,794	85,295.46	72,856	8,742.76
	July	681,907	81,829.35	87,810	10,537.20
	August	463,235	55,588.64	303,622	36,434.64
	September	477,585	57,310.54	283,011	33,960.98
Total 1958 through September, 1958		4,776,329	$ 573,161.97	1,463,966	$175,675.58
Grand Total Through September, 1958		10,027,151	$1,203,264.52	1,463,966	$175,675.58

PACIFIC NORTHWEST PIPELINE CORPORATION
STATEMENT OF GAS PURCHASES AND GAS PAID FOR BUT NOT TAKEN AS OF SEPTEMBER 30, 1958

PAN AMERICAN PETROLEUM CORPORATION
SAN JUAN BASIN - CONTRACT DATED MARCH 21, 1956

Mcf @ 15.025 PSIA

		GAS PURCHASED		GAS PAID FOR BUT NOT TAKEN	
YEAR	MONTH	Mcf	VALUE	Mcf	VALUE
1957	April	4,539	$ 544.68		$
	May	266,085	31,930.20		
	June	491,371	58,964.52		
	July	364,184	43,702.08		
	August	187,009	22,441.08		
	September	515,275	61,833.00		
	October	534,524	64,142.88		
	November	346,254	41,550.48		
	December	254,926	30,591.12		
Total - 1957		2,964,167	$355,700.04	758,538	$91,024.56
1958	January	509,021	61,082.52		
	February	453,289	54,394.68		
	March	575,487	69,058.44		
	April	518,070	62,168.40		
	May	560,639	67,276.68		
	June	522,325	62,679.00		
	July	533,693	64,043.16		
	August	520,876	62,505.12		
	September	503,725	60,447.00		
Total 1958 through September, 1958		4,697,125	$563,655.00	-0-	-0-
Grand Total through September, 1958		7,661,292	$919,355.04	758,538	$91,024.56

(7369) 7369

PACIFIC NORTHWEST PIPELINE CORPORATION
STATEMENT OF GAS PURCHASES AND GAS PAID FOR BUT NOT TAKEN AS OF SEPTEMBER 30, 1958

SAN JUAN GAS CORPORATION
SAN JUAN BASIN - CONTRACT DATED SEPTEMBER 18, 1956

Mcf @ 15.025 PSIA

YEAR	MONTH	GAS PURCHASED Mcf	GAS PURCHASED VALUE	GAS PAID FOR BUT NOT TAKEN Mcf	GAS PAID FOR BUT NOT TAKEN VALUE
Total - 1956		-0-	$ -0-	24,180	$ 2,901.60
1957	November	94,102	$ 11,292.24		$
	December	64,727	7,767.24		
Total - 1957		158,829	$ 19,059.48	861,867	$ 103,424.00
1958	January	95,500	$ 11,460.00		$
	February	60,566	7,267.92		
	March	11,998	1,439.76		
	April	60,939	7,312.68		
	May	68,269	8,192.28		
	June	-0-	-0-		
	July	83,792	10,055.04		
	August	95,117	11,414.04		
	September	93,442	11,213.04		
Total - 1958 through September, 1958		569,623	$ 68,354.76	(728,452)	$ (87,414.24)
Grand Total Through September, 1958		728,452	$ 87,414.24	157,595	$ 18,911.36

PACIFIC NORTHWEST PIPELINE CORPORATION
STATEMENT OF GAS PURCHASES AND GAS PAID FOR BUT NOT TAKEN AS OF SEPTEMBER 30, 1958

KELLY OIL COMPANY
SAN JUAN BASIN - CONTRACT DATED MARCH 21, 1956

Mcf @ 15.025 PSIA

		GAS PURCHASED		GAS PAID FOR BUT NOT TAKEN	
YEAR	MONTH	Mcf	VALUE	Mcf	VALUE
1956	December	332	$ 39.84		$
Total - 1956		332	$ 39.84	43,490	$ 5,218.80
1957	January	68	$ 8.16		$
	February	23	2.76		
	March	124	14.89		
	April	53,800	6,455.97		
	May	28,951	3,474.12		
	June	37,567	4,508.04		
	July	19,641	2,356.92		
	August	15,607	1,872.84		
	September	20,956	2,514.72		
	October	10,756	1,290.72		
	November	12,599	1,511.88		
	December	19,037	2,284.44		
Total - 1957		219,129	$ 26,295.45	29,781	$ 3,573.72
1958	January	29,297	$ 3,515.64		$
	February	19,604	2,352.48		
	March	29,871	3,584.43		
	April	20,232	2,427.84		
	May	45,214	5,425.65		
	June	28,175	3,380.91		
	July	30,029	3,603.45		
	August	28,051	3,366.06		
	September	36,094	4,331.25		
Total - 1958 through September, 1958		266,567	$ 31,987.71	-0-	$ -0-
Grand Total Through September, 1958		486,028	$ 58,323.00	73,271	$ 8,792.52

7327

[Cover omitted in printing]

7371

[Cover omitted in printing]

Hearing Exhibit No. 386

7372

EASTERN NATURAL GAS CORPORATION

WAIVER OF NOTICE OF THE
FIRST MEETING OF THE BOARD OF DIRECTORS

June 2, 1949

(EXCERPTS)

Thereupon, on motion duly made, seconded and unanimously carried, the following resolutions were adopted:

RESOLVED that the proper officers of this corporation be and they are hereby authorized, empowered and directed for and on behalf and in the name of this corporation and under its corporate seal when necessary to prepare, present and file an application for a certificate of public convenience and necessity with the Federal Power Commission, or other appropriate agency; to construct, operate and maintain a natural gas pipe line approximately 450 miles in length originating in the State of Virginia and extending through the states of Maryland, Pennsylvania, New Jersey, New York, Connecticut and Rhode Island to its Eastern termini at and in the vicinity of Boston in the state of Massachusetts; and to do any and all things and to execute any and all instruments which they deem necessary or advisable in order to prosecute the application.

7373

EASTERN NATURAL GAS CORPORATION

WAIVER OF NOTICE OF SPECIAL
MEETING OF THE BOARD OF DIRECTORS

June 14, 1949

(EXCERPTS)

Thereupon on motion duly made, seconded and unanimously carried, the following Resolution was adopted:

(7373)

RESOLVED that N. R. McKay, Vice President of this corporation, be and he is hereby authorized, empowered and directed for and on behalf and in the name of this corporation and under its corporate seal when necessary to prepare, present and file an application for a certificate of public convenience and necessity with the Federal Power Commission, or other appropriate agency; to construct, operate and maintain a natural gas pipe line approximately 450 miles in length originating in the State of Virginia and extending through the states of Maryland, Pennsylvania, New Jersey, New York, Connecticut and Rhode Island to its Eastern termini at and in the vicinity of Boston in the State of Massachusetts; and to do any and all things and to execute any and all instruments which he deems necessary or advisable in order to prosecute the application.

7374

PACIFIC NORTHWEST PIPELINE CORPORATION

MINUTES OF A MEETING OF THE BOARD OF DIRECTORS

June 28, 1950

(EXCERPTS)

Upon motion duly made, seconded and unanimously carried, it was

RESOLVED that the President be authorized to prepare, or cause to be prepared, to execute on behalf of the corporation and in the name of the corporation, together with the attest of the Secretary and the impression of the corporate seal, if required, and to file or cause to be filed with the Federal Power Commission an application for a Certificate of Convenience and Necessity under Section 7 (c) of the Natural Gas Act of 1938 as amended (authorizing the construction, acquisition and operation by this

corporation of a pipeline system for the interstate transportation of natural gas from a point or points in the State of Texas to points in the States of Washington and Oregon with gathering and sales laterals and other appurtenant facilities.

7375

PACIFIC NORTHWEST PIPELINE CORPORATION

MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS

August 30, 1950

(EXCERPTS)

After a full discussion of the proposed exchange of stock of Pacific Northwest Pipeline Corporation for stock of Prairie Pipe Lines, Limited, it was on resolution duly made by Mr. Robert R. Herring, seconded by Mr. Ray C. Fish, and unanimously carried,

RESOLVED, that the officers of the Company are directed to proceed with the exchange of stock of this Corporation for stock of the Prairie Pipe Lines, Limited upon the terms and conditions as set forth in the attached offer of exchange, which is made a part of these minutes.

7376

Upon motion duly made by Mr. Leon M. Payne, seconded by Mr. Ray C. Fish, and unanimously carried, it was

RESOLVED, that the President, Mr. Robert R. Herring, be authorized to execute the attached offer of exchange and to submit the same in Canada to the stockholders of Prairie Pipe Lines, Limited, and that the President, Mr. Robert R. Herring, be further authorized to make any such changes in the form of the offer of exchange as may, in his opinion, be necessary after discussion with the stock-

holders of Prairie Pipe Lines, Limited, of their representatives; provided, however, that the President, Mr. Robert R. Herring, shall have no authority without further resolution of the Board of Directors to change the proportion of the stock exchange which is hereby fixed at 40,000 shares of Pacific Northwest Pipeline Corporation stock for the entire authorized and/or issued capital stock of Prairie Pipe Lines, Limited.

Upon motion duly made by Mr. Robert R. Herring, seconded by Mr. Ray C. Fish, and unanimously carried, it was

RESOLVED that the President and Secretary be, and they are hereby authorized to issue Stock Certificate

7377

No. 51 in the amount of 40,000 shares of the stock Pacific Northwest Pipeline Corporation in the name of Bank of Montreal, Calgary Branch, Escrow Agent under an Exchange Agreement between Pacific Northwest Pipeline Corporation and the stockholders of Prairie Pipe Lines, Limited, said agreement being dated September 1, 1950, and to deliver said certificate to the President, Mr. Robert R. Herring.

7378

PACIFIC NORTHWEST PIPELINE CORPORATION

MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS

March 12, 1951

(EXCERPTS)

Upon motion duly made, seconded and unanimously carried, it was

RESOLVED that the appropriate officers of the corporation be, and they are hereby, authorized to transmit the sum of $10,000.00 in corporate funds to The Dominion of Can-

ada, and to deposit the same to the credit of Prairie Pipelines, Ltd. in the Bank of Montreal at Edmonton, Alberta, Canada.

The President reported the exchange of 40,000 shares of the stock of the corporation for all of the authorized and/or issued capital stock of Prairie Pipelines, Ltd. had been consummated. Upon motion

7379

duly made, seconded and unanimously carried, it was

RESOLVED, that the acts of the officers of the corporation in consummating the exchange of 40,000 shares of the capital stock of the Corporation for all of the authorized and/or issued shares of capital stock of Prairie Pipelines, Ltd. be, and they are hereby ratified and affirmed.

Upon motion duly made, seconded and unanimously carried, it was further

RESOLVED, that the Corporation pay the applicable Federal Stamp Tax covering the issuance of all of the shares of stock, including the 40,000 shares issued to the former stockholders of Prairie Pipelines, Ltd.

7380

PACIFIC NORTHWEST PIPELINE CORPORATION

MINUTES OF THE ANNUAL MEETING OF BOARD OF DIRECTORS

October 20, 1952

(EXCERPTS)

Upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that the President be authorized to prepare, or cause to be prepared, to execute on behalf of the Corporation and in the name of the Corporation, together

with the attest of the Secretary and the impression of the corporate seal, if required, and to file an application for a Certificate of Convenience and Necessity under Section 7 (c) of the Natural Gas Act of 1938 as amended (or in his discretion to prepare, execute and file or cause to be filed with the Federal Power Commission amendments to any pending application for such a certificate), authorizing the construction, acquisition and operation by this Corporation of a pipeline system for the interstate transportation of natural gas from a point or points in the States of New Mexico, Texas and Colorado to points in the States of Utah, Washington and Oregon with gathering and sales laterals and other appurtenant facilities.

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PACIFIC NORTHWEST PIPELINE CORPORATION

MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS

December 22, 1952

(EXCERPTS)

The President of the corporation, Mr. C. R. Williams, opened a discussion of the financial affairs of the company and stated that he anticipated substantial expenditures of funds would be required in connection with the conduct of the hearing before the Federal Power Commission in February of 1953. He further stated that he had contacted practically all of the stockholders of the corporation with the exception of the stockholders who became such by reason of the exchange of Pacific Northwest Pipeline stock for Prairie Pipeline Limited and Prairie Transmission Limited. The stockholders contacted had evidenced their willingness to obligate themselves to contribute to the company additional funds in cash in a total amount of $86,400.

7382

PACIFIC NORTHWEST PIPELINE CORPORATION

MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS

January 5th 1953

(EXCERPTS)

On motion duly made, seconded and unanimously carried, it was

RESOLVED, that the President be and he is hereby authorized to prepare or cause to be prepared and to execute on behalf of the corporation and in the name of the corporation, together with the attest of the Secretary and the impression of the corporate seal as required and to file or cause to be filed with the Federal Power Commission, Washington, D. C., with copies to all persons to whom copies are required to be sent in accordance with the regulations of the Federal Power Commission, an application for a Certificate of Public Convenience and Necessity under Section 7 (c) of the Natural Gas Act of 1938 as amended, or an amendment of the application of the corporation presently on file with the Federal Power Commission, authorizing the

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corporation to acquire gas and gas reserves and to construct and operate a natural gas transmission system for the interstate transportation of natural gas from a point or points in the San Juan Basin, Four Corners area of New Mexico through Western Colorado to a point approximately 30 miles Southwest of Rock Springs, Wyoming, thence Northwesterly to additional market areas in the states of Idaho, Washington and Oregon, together with such dehydration plants, hydrocarbon extraction plants and other appurtenances as are deemed appropriate.

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PACIFIC NORTHWEST PIPELINE CORPORATION

MINUTES OF ANNUAL MEETING OF THE BOARD OF DIRECTORS

June 22, 1954

(EXCERPTS)

On motion duly made, seconded and unanimously carried, it was

RESOLVED that the appropriate officers of the corporation be and they are hereby authorized to prepare or cause to be prepared, to execute on behalf and in the name of the corporation, together with the attest of the Secretary or Assistant Secretary, and the impression of the corporate seal, if necessary, and to deliver a formal acceptance in accordance with Paragraph (D) of the Order of the Federal Power Commission issued June 18, 1954 in its Opinion No. 271 of the Certificate of Public Convenience and Necessity issued by the Federal Power Commission to Pacific Northwest Pipeline Corporation on June 18, 1954 in Docket No. G-1429.

BE IT FURTHER RESOLVED that the aforesaid officers of the corporation be and they are hereby authorized to take such other steps and to execute and deliver such other documents or instruments as may be required to effectuate the aforesaid Certificate.

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PACIFIC NORTHWEST PIPELINE CORPORATION

MINTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS

March 14, 1955

(EXCERPTS)

The Chairman thereupon discussed the progress of the preparation of the Corporation's application to the Federal Power Commission for the authorizations required to enable it to carry out its contracts with Westcoast Transmission Company Limited and El Paso Natural Gas Company covering the importation and sale of Canadian gas.

After discussion, on motion duly made, seconded and unanimously carried, it was

RESOLVED, that the President be and he is hereby authorized to prepare or cause to be prepared and to execute on behalf of the corporation and in the name of the corporation, together with the attest of the Secretary and the impression of the corporate seal as required and to file or cause to be filed with the Federal Power Commission,

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Washington, D. C., with copies to all persons to whom copies are required to be sent in accordance with the regulations of the Federal Power Commission, an application for a certificate of public convenience and necessity under Section 7 of the Natural Gas Act, as amended, an application under Section 3 of the Natural Gas Act, as amended, for authority to import and export natural gas and an application for presidential permits in compliance with Executive Order 10485, dated September 3, 1953, in such form and with such attachments and exhibits as are required to authorize the construction and operation of the

(7386)

facilities and otherwise enable the Corporation to effectuate the Corporation's contracts with Westcoast Transmission Company Limited (Westcoast) and El Paso Natural Gas Company (El Paso) dated December 11, 1954, and covering the importation and purchase of Canadian gas from Westcoast at the International Border, and the sale of natural gas to El Paso near Mountain Home, Idaho, at such time as in the opinion of the officers of the Corporation it is appropriate that the above enumerated applications be filed.

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PACIFIC NORTHWEST PIPELINE CORPORATION

MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS

April 7, 1955

(EXCERPTS)

Mr. Payne reviewed the contents of the documents. It was pointed out by Mr. C. R. Williams that the continued pendency of the Petition for Review of the corporation's certificate of public convenience and necessity filed by Trans-Northwest Gas, Inc. in the United States Court of Appeals for the Third Circuit was having an adverse effect upon the consummation of the financing of the corporation's pipeline project. The pendency of that suit would require additional legal opinions and conditions regarding it would be imposed on the purchase of bonds, consummation of the bank loan and the sale of units to the public as proposed in the corporation's financing.

It was further pointed out that the opposition of Trans-Northwest Gas, Inc. to the corporation's plans for expansion, with particular reference to the expansion to take Canadian gas could result in prolonged hearings before the Federal Power Commission and additional expense in acquiring rights-of-way and consummating the

construction of the corporation's facilities in the State of Washington. The continued pendency of the suit also rendered doubtful the corporation's ability to file the required applications for its Canadian expansion by June 1, 1955, thus imperiling the San Juan Basin gas exchange agreement with El Paso Natural Gas Company.

Mr. Payne stated that in his opinion the review proceeding was without legal merit and that ultimately the corporation's certificate of public convenience and necessity would be upheld, and further stated that in his opinion the contract to acquire assets, including the franchises, would not result in the acquisition of assets whose value to the corporation would be commensurate with the stated considerations.

Mr. Charles K. Schwartz concurred in Mr. Payne's opinions.

After further discussion in which the overall situation was further reviewed, on motion made by Mr. Alfred C. Glassell, Jr., seconded by Mr. N. V. Kinsey and carried by a vote of four to two, Mr. Schwartz and Mr. Payne dissenting, it was

RESOLVED that the President and the Secretary of the corporation are hereby authorized and directed to execute on behalf of the corporation the Stock Purchase Agreement, dated April 6, 1955, between the corporation

and Trans-Northwest Gas, Inc. and the Franchise Acquisition Agreement, dated April 6, 1955, between the corporation and Trans-Northwest Gas, Inc. in the form presented to the directors.

PACIFIC NORTHWEST PIPELINE CORPORATION

MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS

June 7, 1955

(EXCERPTS)

The Members of the Board of Directors then entered into an extended discussion of the preparation and recent filing by the Corporation with the Federal Power Commission of applications for authority to construct and operate additional facilities and to import and to export natural gas, and allied matters to enable the corporation to effectuate its contracts with Westcoast Transmission

Company Limited and El Paso Natural Gas Company, entered into on December 11, 1954. Mr. Payne called to the attention of the Chairman that the text of the resolution in the Minutes of the Meeting of the Board of Directors held on March 14, 1955, authorizing the preparation and filing of the application under discussion were erroneous in that the sections of the Natural Gas Act and the numbers of the Executive Orders were incorrectly transcribed therein. After full discussion and upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that the minutes of the Special Meeting of the Board of Directors of the Corporation held on March 14, 1955, insofar as the same pertain to the preparation and filing of certificates and permits authorizing the Corporation to construct additional facilities to import and export natural gas, be and they are hereby corrected so that from and hereafter said minutes shall read as follows:

RESOLVED, that the President be and he is hereby authorized to prepare or cause to be prepared and to execute on

behalf of the Corporation and in the name of the Corporation, together with the attest of the Secretary and the impression of the corporate seal as required and to file or cause to be filed with the Federal Power Commission, Washington, D. C., with copies to all persons to whom copies are required to be sent in accordance with the regulations of the Federal Power Commission, an application for a certificate of public convenience and necessity under Section 7 of the Natural Gas Act, as amended, for authority to import and export natural gas

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and an application for presidential permits in compliance with Executive Order 10485, dated September 3, 1953, in such form and with such attachments and exhibits as are required to enable the Corporation to effectuate the Corporation's contracts with Westcoast Transmission Company Limited (Westcoast) and El Paso Natural Gas Company (El Paso) dated December 11, 1954, and covering the importation and purchase of Canadian gas from Westcoast at the International Border, and the sale of natural gas to El Paso near Mountain Home, Idaho, at such time as in the opinion of the officers of the Corporation it is appropriate that the above enumerated applications be filed.

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PACIFIC NORTHWEST PIPELINE CORPORATION

MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS

11th of August, 1955

(EXCERPTS)

Thereupon, Mr. Fish and Mr. Payne described in detail the contents of the Second Supplement to the Corporation's Application for a Certificate of Public Convenience and

Necessity pursuant to Section 7(c) of the Natural Gas Act as Amended (Alternate Plan), dated July 15, 1955 and filed with the Federal Power Commission on July 18, 1955 in Docket No. G-8934. Mr. Fish reported the events which transpired during and following the hearing before the Trial Examiner on the Corporation's Applications to the Federal Power Commission in Dockets G-8932 et al, the results of the meetings between the Officers and Directors of the Corporation and representatives of El Paso Natural Gas Company, Pacific Gas and Electric Company and Southern Union Gas Company, et al, in Houston and San Francisco, the refusal of the California companies to accept Canadian gas via the Mountain Home lateral as proposed in the Corporation's Original Application in Docket No. G-8934 and the alternate

contractual arrangements under discussion with El Paso by which a portion of the Canadian Gas to be imported by the Corporation would be made available to El Paso; that El Paso is desirous of tendering to the Corporation gas from El Paso's reserves in Pinedale, Wyoming, and that El Paso has again raised the question of the desirability of a merger between the Corporation and El Paso.

After a thorough discussion, on motions duly made, seconded and unanimously carried, the following Resolutions were adopted:

RESOLVED, that the President be and he is hereby authorized to prepare or cause to be prepared and to execute or cause the execution on behalf of the Corporation and in the name of the Corporation, together with the attest of the Secretary and the impression of the corporate seal if required, and to file or cause to be filed with The Federal Power Commission, Washington, D. C., with copies to all persons to whom copies are required to be sent in accord-

ance with the regulations of the Federal Power Commission in Docket No. G-8934, a Second Supplement to Application for Certificate of Public Convenience and Necessity pursuant to Section 7(c) of the Natural Gas Act, as amended (Alternate Plan), dated July 15, 1955, in such form and with such attachments and exhibits as are required to authorize the construction and operation of the facilities therein described and to enable the Corporation to carry out the plans therein set forth, at such time as in the opinion of the officers of the Corporation it is appropriate that the above described Second Supplement be filed, and

IT WAS FURTHER RESOLVED, that the actions of the officers of the Corporation in causing the preparation and execution of the foregoing Second Supplement and in filing said Second Supplement with the Federal Power Commission in Docket No. G-8934 on July 18, 1955 are hereby expressly ratified and affirmed, and

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Although no formal Resolutions were adopted, it was also the consensus of the Board of Directors of the Corporation that the Officers of the Corporation should proceed with their plans to cancel the December 11, 1954 Mountain Home Sales Contract with El Paso Natural Gas Company and to execute and deliver a new Contract with that Company calling for the sale by the Corporation of approximately 100,000 MCF of Canadian gas to El Paso, the immediate delivery of such gas to the Corporation and the exchange of a like quantity of gas with El Paso in the San Juan Basin; that said Officers should proceed with the finalization of contracts for the sale of Canadian gas by the Corporation in the Pacific Northwest area; that any negotiations on any merger should be deferred until after the Corporation receives its Certificate of Public Conven-

ience and Necessity to import Canadian gas; that said Officers should continue to negotiate with El Paso on the receipt and exchange of gas from El Paso's Pinedale reserves.

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The matter of the necessity for filing short form Applications with the Federal Power Commission was discussed.

The following Resolutions were adopted:

RESOLVED, that the Officers of the Corporation be and they are hereby authorized, empowered and directed to prepare or cause to be prepared and to file or cause to be filed with the Federal Power Commission Applications or, to the extent permissible under said Commission's Rules, other documents or notifications, all in form and content satisfactory to said Officers:

(a) Authorizing the temporary sale of gas to El Paso Natural Gas Company and Southern Union Gas Company from the Corporation's wells in San Juan Basin;

(b) Authorizing the construction and operation of facilities to gather and receive gas from the Bar-X Field in Colorado and Utah;

(c) Authorizing the construction and operation of facilities to gather and receive gas from Rangely Field in Colorado;

(d) Authorizing the construction and operations to gather and receive gas from the Big Piney Field, in Wyoming;

(e) Authorizing the exchange of gas in San Juan Basin with El Paso Natural Gas Company pursuant to a contract dated December 11, 1954.

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PACIFIC NORTHWEST PIPELINE CORPORATION

MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS

15th of September, 1955

(EXCERPTS)

Mr. Williams reported at length on the Company's negotiations with El Paso Natural Gas Company leading up to the execution of a Contract with that company dated August 23, 1955, calling for the sale of up to 100,000,000 cubic feet of gas per day to be imported from Canada to El Paso near the United States-Canadian border, the redelivery of such gas to Pacific and the concurrent exchange of like volumes of gas by delivery to El Paso near Ignacio, Colorado.

Thereupon, on motion duly made, seconded and unanimously carried, it was

RESOLVED, that the action of the President in executing for and on behalf of the Corporation a Contract dated August 23, 1955 with El Paso Natural Gas Company ("El Paso") providing for the sale of up to 100,000,000 cubic feet of natural gas per day to be imported from Canada with delivery to El Paso near the International Boundary between the United States and Canada, the immediate redelivery of gas to the Corporation at a point near the point of delivery thereof, and the concurrent exchange of like volumes of gas by delivery to El Paso at a point near Ignacio, Colorado, be and the same is hereby approved, ratified and confirmed.

Mr. Williams further reported that the officials of the Corporation had carried on extensive negotiations with El Paso Natural Gas Company which had culminated in the execution of an agreement with that company dated as

of August 23, 1955, providing for the delivery by El Paso to the Corporation at a point on the Corporation's pipe line near Big Piney, Wyoming of quantities of gas not exceeding 50,000,000 cubic feet per day in exchange for the concurrent delivery of like volumes of

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gas to El Paso at a point on the Corporation's pipeline to be selected by El Paso at or South of Mountain Home, Idaho.

Thereupon, on motion duly made, seconded and unanimously carried, it was

RESOLVED, that the action of the President in executing for and on behalf of the Corporation a Contract dated as of August 23, 1955 with El Paso Natural Gas Company ("El Paso") calling for the delivery by El Paso to the Corporation at a point on the Corporation's pipe line near Big Piney, Wyoming of quantities of gas not exceeding 50,000,000 cubic feet per day in exchange for the concurrent delivery of like volumes of gas to El Paso at a point on the Corporation's pipe line to be selected by that Company at or South of Mountain Home, Idaho, be and the same is hereby approved and confirmed.

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Mr. Williams then reported that he had, on behalf of the Corporation, executed and approved a Letter Agreement dated September 8, 1955 between El Paso Natural Gas Company and Colorado Interstate Gas Company calling for the delivery during 1956 and 1957 to El Paso at Ignacio, Colorado of such quantities of gas as that company shall desire to purchase out of the quantities of gas committed by the Corporation to be delivered to Colorado Interstate at Rock Springs, Wyoming under the Gas Sales Contract dated August 4, 1954. The President further

stated that the Letter Agreement provided that Colorado Interstate would pay to the

7400

Corporation the sales price of all of such gas delivered to El Paso in accordance with the terms of the August 4, 1954 Contract, that El Paso would redeliver to the Corporation at Ignacio, Colorado, for the account of Colorado Interstate, over a four year period commencing January 1, 1958 an equal quantity of gas taken by it under the Letter Agreement, and that the Corporation would transport the same through its line to Colorado Interstate at Rock Springs, Wyoming at no additional cost to that Company. Copies of the Letter Agreement were then presented to the Directors for their consideration. Thereupon on motion duly made, seconded and unanimously carried it was

RESOLVED, that the action of the President in executing and approving for and on behalf of the Corporation a Letter Agreement dated September 8, 1955 between El Paso Natural Gas Company ("El Paso") and Colorado Interstate Gas Company ("Colorado Interstate") which provides for the delivery during 1956 and 1957 to El Paso at Ignacio, Colorado such quantities of gas as that Company shall desire to purchase out of the quantities of gas committed to be delivered by the Corporation to Colorado Interstate at Rock Springs, Wyoming under the Gas Sales Contract dated August 4, 1954 between the Corporation and Colorado Interstate, that El Paso shall redeliver to the Corporation at Ignacio, Colorado, for the account of Colorado Interstate, over a four year period commencing January 1, 1958 an equal quantity of gas taken by it under the Letter Agreement, and that the Corporation shall transport the same through its line to Colorado Interstate at Rock Springs, Wyoming at no additional cost to that Company, and further providing that Colorado Interstate

shall pay to the Corporation in accordance with the terms of the August 4, 1954 Sales Contract the consideration for all gas so delivered to El Paso, be and the same is hereby approved and confirmed.

7401

PACIFIC NORTHWEST PIPELINE CORPORATION

MINUTES OF THE SPECIAL MEETING OF THE BOARD OF DIRECTORS

October 25, 1955

(EXCERPTS)

Mr. Payne reported that the record in Docket No. G-8932, et al., covering the Corporation's application to the Federal Power Commission for authorization to construct its facilities and for the other necessary authorizations to enable the Corporation to import Canadian gas pursuant to its contract with Westcoast Transmission Company, Limited, had been closed; the Corporation's brief prepared and filed; and that since the intermediate decision of the Hearing Examiner had been waived the matter was before the Commission for decision. Thereupon, on motion duly made, seconded and unanimously carried, it was

RESOLVED, that the action of the officers of the Corporation in presenting evidence and filing two briefs with the Federal Power Commission in Docket No. G-8932, et al., in support of the Corporation's application for authorization as set forth in said dockets be and the same are hereby approved, ratified and affirmed.

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PACIFIC NORTHWEST PIPELINE CORPORATION

MINUTES OF THE SPECIAL MEETING OF THE BOARD OF DIRECTORS

Held December 15, 1955

(EXCERPTS)

The Chairman thereupon presented to the meeting a letter from El Paso Natural Gas Company dated December 14, 1955, containing an offer to exchange five shares of the Common Stock of El Paso Natural Gas Company for nine shares of the Common Stock of Pacific Northwest Pipeline Corporation. The consensus was that the offer was not acceptable, but Mr. Schneider was requested to make a detailed study of the financial structure, operations and purposes of El Paso Natural Gas Company and of Pacific Northwest Pipeline Corporation, and to report his findings and conclusions to the Board.

The Chairman also disclosed that preliminary negotiations looking to the sale of natural gas for the Chicago market had been undertaken with Natural Gas Pipeline Company of America, but reported that the present status of the negotiations did not require any action of the Board at the present time.

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PACIFIC NORTHWEST PIPELINE CORPORATION

MINUTES OF THE SPECIAL MEETING OF THE BOARD OF DIRECTORS

Held January 25, 1956

(EXCERPTS)

Mr. Schneider reported on his investigations of various aspects of a merger with the Corporation proposed by El

(7403)

Paso Natural Gas Company ("El Paso"). Mr. Schneider discussed the possibility of exchanging one share of Common Stock of the Corporation for one share of a $35.00 par value of 4% cumulative voting Preferred Stock of El Paso which would be convertible for ten (10) years into El Paso Common Stock at the rate of seven-tenths (7/10ths) of a share of Common for one share of Preferred. The consensus was that this Preferred should have a higher par value or the exchange would not be acceptable. Mr. Schneider, Mr. Fish and Mr. Williams were requested to present these opinions of the Board of Directors to the proper officers of El Paso Natural Gas Company. They reported that an exchange involving Preferred Stock was not acceptable to El Paso. They reported, however, that Mr. Kayser verbally suggested that a merger might be worked out on the basis of an exchange of two-thirds (2/3rds) of one share of Common Stock for one share of the Corporation's Common Stock. The matter was left open.

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PACIFIC NORTHWEST PIPELINE CORPORATION

MINUTES OF THE SPECIAL MEETING OF THE BOARD OF DIRECTORS

Held February 22, 1956

(EXCERPTS)

Mr. Fish noted that at the last meeting of the Board of Directors the matter of the merger of the Corporation with El Paso Natural Gas Company ("El Paso") on the basis of the exchange of two-thirds (2/3rds) of a share of Common Stock of El Paso for one share of Common Stock of the Corporation had been left open. A full discussion ensued, in which the various advantages and disadvantages of such a merger were discussed. It was pointed out that

a full-scale hearing before the Federal Power Commission and a Certificate of Public Convenience and Necessity authorizing the acquisition of the facilities would be required, and that such a hearing might take from six (6) to eight (8) months. Such a hearing would involve an expenditure of large amounts of time and money at a critical period in the Corporation's existence; i.e., during the period it was organizing its personnel and preparing for the commencement of gas sales. It was suggested that preliminary investigation had disclosed that there would be considerable opposition on the part of the Federal Power Commission to such a merger. Opposition had also been indicated from the market areas of California and of the Pacific Northwest. It was felt that the Corporation should not incur opposition from its markets at the present time, when the Corporation is greatly dependent upon their support. There was further discussion indicating

a feeling that the suggested ratio of El Paso Shares exchanged for those of the Company was not high enough. The consensus was that the suggestion was not acceptable.

Mr. Payne reported on the progress made to date on the arrangements for the Corporation's proposed financing.

Mr. Fish and Mr. Payne reported on the status of the proposed financing of Westcoast Transmission Company Limited and on the refusal of officers of that corporation to accede to Mr. Fish's request that Pacific be given representation on the Board of Directors of Westcoast Transmission Company Limited proportionate to Pacific's ownership of Westcoast's Common Stock in the event of the exercise of Pacific of the option to acquire twenty-five per cent (25%) of such stock. After discussion, on motion duly made, seconded and unanimously carried, the following Resolutions were adopted:

(7405)

WHEREAS, on December 11, 1954, Westcoast Investment Corporation became the owner and holder of an option to acquire up to twenty-five per cent (25%) of the voting securities of Westcoast Transmission Company Limited outstanding after the consummation of the arrangements for financing the construction of its facilities originally required to make deliveries of Canadian gas to Pacific Northwest Pipeline Corporation; and

WHEREAS, the terms of said option provided that Westcoast Transmission Company Limited shall give notice of its proposed financing arrangements to Westcoast Investment Corporation which shall then promptly advise Westcoast Transmission Company Limited whether and to what degree such option will be exercised; and

WHEREAS, said option that payment for the shares of common stock of Westcoast Transmission Company Limited purchased pursuant to said option must be made in cash at the time of closing of the sale of the other securities offered by it at the price at which its other common stock is then offered to the public; and

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WHEREAS, Westcoast Investment Corporation is a wholly-owned subsidiary of Pacific Northwest Pipeline Corporation;

NOW, THEREFORE, BE IT RESOLVED, that the officers of Pacific Northwest Pipeline Corporation be and they hereby are authorized, empowered and directed, upon receipt of notice from Westcoast Transmission Company Limited of the completion of arrangements for financing the construction of its facilities as contemplated in said option:

(a) to notify promptly Westcoast Transmission Company Limited, or to cause the appropriate officials of Westcoast Investment Corporation to give such

notification, that the option to acquire up to twenty-five per cent (25%) of the voting securities of Westcoast Transmission Company Limited dated December 11, 1954 will be exercised in full;

(b) to secure the consent of the holders of Pacific Northwest Pipeline Corporation's First Mortgage Pipe Line Bonds 4¼% Series, and the consent of the banks holding Pacific Northwest Pipeline Corporation's outstanding Bank Notes to the making by Pacific Northwest Pipeline Corporation directly or through Westcoast Investment Corporation of the required investment in the Common Stock of Westcoast Transmission Company Limited;

(c) to make the necessary arrangements for short term borrowing from the two banks which hold Pacific Northwest Pipeline Corporation's outstanding Bank Notes to provide the funds necessary to exercise said option in the event that Pacific Northwest Pipeline Corporation's arrangements for its proposed financing have not then been consummated and the funds for the exercising of said option provided thereby;

(d) to cause, if they deem it advisable in the best interest of Pacific Northwest Pipeline Corporation, the assignment of said option by Westcoast Investment Corporation to Pacific Northwest Pipeline Corporation;

(e) to take or cause to be taken any and all such other and further action as in the judgment of such officers may be necessary, proper or convenient in order to carry out the foregoing Resolutions.

PACIFIC NORTHWEST PIPELINE CORPORATION

MINUTES OF THE SPECIAL MEETING OF THE BOARD OF DIRECTORS

Held March 31, 1956

(EXCERPTS)

The Chairman then presented to the meeting the following documents which were ordered to be marked and filed with the minutes of the meeting:

(1) Preliminary Prospectus of Westcoast Transmission Company Limited, dated March 28, 1956;

(2) Depositary Trust Agreement (proof of March 10, 1956), dated as of June 1, 1956, between Westcoast Transmission Company Limited and Pacific Northwest Pipeline Corporation and The First National City Bank of New York, Trustee.

(3) Amendatory Agreement, dated August 23, 1955, from Westcoast Transmission Company Limited as "Seller" to the Corporation as "Buyer" and confirmed by the latter.

(4) Agreement, dated April 26, 1955, between the Corporation and Westcoast Transmission Company Limited and British Columbia Electric Company Limited.

He pointed out that the Preliminary Prospectus described the shares of the Common Stock of Westcoast Transmission Company Limited which are to be offered to Westcoast Investment Corporation, a wholly owned subsidiary of Pacific. The various features of the Westcoast Transmission financing were discussed in detail. He stated that Westcoast Transmission had served upon Westcoast In-

vestment Corporation in writing the notice required by the terms of the option held by the latter to the effect that the financing described in the Preliminary Prospectus constituted the financing of the Westcoast Transmission Company Limited project. It was now incumbent upon Westcoast

Investment Corporation to advise Westcoast Transmission Company Limited of the extent to which it expected to exercise its option to purchase shares of common stock of Westcoast Transmission Company Limited.

It was also pointed out that the consent of the holders of the Corporation's First Mortgage Pipeline Bonds, 4¼% Series and the consent of the Banks holding the Corporation's outstanding Bank Notes to the making by Pacific Northwest Pipeline Corporation directly or through Westcoast Investment Corporation of the proposed investment of the common stock of Westcoast Transmission Company Limited had been secured.

The Chairman also pointed ont that the Depositary Trust Agreement was required in connection with the Westcoast Transmission Company Limited financing and that the other two documents described above had been previously executed by the Company and were pledged under its original Indenture. A copy of the proof of the Depositary Trust Agreement was ordered to be marked and filed with the minutes of this meeting. After discussion, on motion duly made, seconded and unanimously carried, the following resolutions were adopted.

Resolved, that the officers of the Corporation be and they are hereby authorized, empowered and directed:

(a) to cause Westcoast Investment Corporation to exercise in full the option held by the latter corporation to acquire up to twenty-five per cent (25%) of

the voting securities of Westcoast Transmission Company Limited, said option being dated December 11, 1954;

(b) to make funds of the Corporation available to Westcoast Investment Corporation in sufficient amount to enable it to pay in full in cash at the time of the closing on the offering of the Common Stock of Westcoast Transmission Company Limited for not less than 1,127,750 shares of such Common Stock at the offering price of such shares;

(c) to take or cause to be taken any or all such further action as in the judgment of such officers may be necessary, proper or convenient in order to carry out the foregoing resolution.

RESOLVED, that the actions of the officers of the Corporation in executing and delivering, for and on behalf of the Corporation, the following documents:

(a) Amendatory Agreement. dated August 23, 1955, from Westcoast Transmission Company Limited as "Seller" to the Corporation as "Buyer" and confirmed by the latter; and

(b) Agreement, dated April 26, 1955, between the Corporation and Westcoast Transmission Company Limited and British Columbia Electric Company Limited,

be and the same hereby are in all respects ratified and affirmed.

BE IT FURTHER RESOLVED, that the President or any Vice President of the Corporation be and he is hereby authorized, empowered and directed to execute and deliver for and on behalf of the Corporation the Depositary Trust

Agreement in substantially the form presented to the meeting with such changes as the officer executing the same shall approve, his approval to be conclusively evidenced by his execution thereof and the Secretary or any Assistant Secretary of the Corporation be and he is hereby authorized, empowered and directed to affix thereto and to attest the corporate seal of this Corporation.

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PACIFIC NORTHWEST PIPELINE CORPORATION

MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS

April 24, 1956

(EXCERPTS)

The Chairman thereupon stated that a number of applications had been submitted or were in the process of being prepared for submission to the Federal Power Commission for the authorizations required to supplement in minor respects Pacific's existing authorizations. Upon motion duly made, seconded and unanimously carried, the following Resolutions were adopted:

RESOLVED, that the President be and he is hereby authorized to prepare or cause to be prepared and to execute on behalf of the Corporation and in the name of the Corporation, together with the attest of the Secretary and the impression of the corporate seal as required and to file or cause to be filed with the Federal Power Commission, Washington, D. C., with copies to all persons to whom copies are required to be sent in accordance with the regulations of the Federal Power Commission, applications for Certificates of Public Convenience and Necessity under Section 7 of the Natural Gas Act, as amended, supplementing in minor respects certificates and related authorizations previ-

ously granted to the Corporation by the Federal Power Commission in Docket Nos. G-1429, G-8932, G-8933 and G-8934, and authorizing the construction and operation of certain new supply laterals, certain changes in delivery points and in pipe diameter of presently authorized laterals and the construction and operation of certain measuring and regulating equipment and for authorization to make deliveries of increased volumes of natural gas at or near the delivery point specified in Pacific's existing contract with Colorado Interstate Gas Company, and to construct, maintain and operate any additional facilities required thereby, in such form and with such attachments and exhibits as are required to authorize the construction and operation of the facilities and otherwise enable the Corporation to effectuate the operations disclosed by said applications, at such time as in the opinion of the officers of the Corporation it is appropriate that the above enumerated applications be filed; and

BE IT FURTHER RESOLVED, that the action of the officers of the Corporation in preparing, executing and filing with the Federal Power Commission in accordance with the rules and regulations of that Commission all applications on behalf of the Corporation in Docket Nos. G-9977, G-9978, G-9979, G-10008, G-10038, G-10182 and G-10260 be and the same are hereby ratified and affirmed; and

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PACIFIC NORTHWEST PIPELINE CORPORATION

MINUTES OF THE 1956 ANNUAL MEETING OF THE BOARD OF DIRECTORS

June 5, 1956

(EXCERPTS)

Thereupon, the matter of the Corporation's applications filed with the Federal Power Commission for authority re-

quired to construct certain additional facilities were discussed. Following the discussion on motion duly made, seconded and unanimously carried, it was

RESOLVED, that the action of the officers of the Corporation in preparing, executing and filing with the Federal Power Commission in accordance with the rules and regulations of that Commission all applications on behalf of the Corporation in Docket Nos. G-10425, G-10426 and G-10455 be and the same is hereby ratified and affirmed; and

BE IT FURTHER RESOLVED, that the officers of the Corporation are directed to proceed with the applications as filed.

7412

PACIFIC NORTHWEST PIPELINE CORPORATION

MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS

Held August 6, 1956

(EXCERPTS)

Mr. Fish then reported on the results of certain negotiations recently conducted with the Corporation's supplier of Canadian gas, Westcoast Transmission Company Limited, and potential customers for natural gas in the State of California. He read to the meeting the text of Letters of Intent which had been executed with respect to the negotiations, said Letters of Intent being dated, respectively, August 1, 1956, and July 30, 1956. After discussion and on motion duly made, seconded and unanimously carried, it was

RESOLVED, that the action of the Chairman of the Board of Directors of the Corporation in executing Letters of Intent with Westcoast Transmission Company Limited and Southern California Edison Company, dated August 1,

1956, and July 30, 1956, respectively, is in all respects ratified and affirmed.

7413

PACIFIC NORTHWEST PIPELINE CORPORATION

MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS

September 4, 1956

(EXCERPTS)

The Chairman then stated that the Corporation had made applications to the Federal Power Commission for authority to construct, maintain and operate certain facilities to enable it to sell and deliver natural gas to Intermountain Gas Company, Inc., for general distribution in the communities of Bancroft and Kimberly, Idaho, and for authority to construct, maintain and operate the necessary facilities to sell and deliver gas to Eastern Washington Natural Gas Company, Inc., for general distribution in the community of Ritzville, Washington. After discussion and on motion duly made, seconded and unanimously carried, it was

RESOLVED, that the actions of the officers of the Corporation in filing applications with the Federal Power Commission for authority to construct the necessary facilities to permit deliveries of gas to Intermountain Gas Company, Inc., for general distribution in Bancroft and Kimberly, Idaho, and for authority to construct facilities to permit the sale and delivery of gas to Eastern Washington Natural Gas Company, Inc., for distribution in Ritzville, Washington, be and the same are hereby approved, ratified and affirmed; and

BE IT FURTHER RESOLVED, that the officers of the Corporation be and they are hereby authorized, empowered and directed to cause the filing of an application with the Federal

Power Commission for authority to construct the necessary facilities to permit deliveries of gas to Intermountain Gas Company, Inc., for general distribution in Declo, Idaho.

7414

PACIFIC NORTHWEST PIPELINE CORPORATION

MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS

Held November 2, 1956

(EXCERPTS)

The Chairman of the meeting stated that the major purpose for which the meeting had been called was to discuss with and pass on to the Directors the results of a series of negotiations which he had carried on with Mr. Paul Kayser, President of El Paso Natural Gas Company. The negotiations had led to the preparation of a memorandum of points on which agreement in principle had been reached between him and Mr. Kayser. The Chairman thereupon reviewed in detail the essential points and stated that counsel were engaged in preparing a formal document to set forth the terms of the proposed agreement. In essence the proposition which he expected El Paso to make to the Directors of Pacific and ultimately to the Stockholders of both El Paso and Pacific would involve the increase in the authorized Common Shares of El Paso and the designation of a number of those Shares as a Special Common Stock of El Paso, identical in all respects with the presently outstanding El Paso Common Stock except that during 1957 the Special Common would not be entitled to cash dividends paid on El Paso Common up to $2.60 per share. After January 1, 1958, the restriction would terminate automatically. El Paso would offer seven (7)

shares of this Special Common Stock in exchange for eight (8) shares of Pacific's Common, consummation of the offer to be conditioned that it be tax free—requiring that 80% or more of Pacific's Common Shares be exchanged or no exchange would be made at all. To protect Pacific in its ability to finance its 1957 equity requirements while the offer remains open El Paso will agree to lend Pacific up to $15 million against Pacific's unsecured subordinated note, 30 days notice, payable on or before December 31, 1957, in cash or by delivery of Pacific Common Stock at the rate of $30 per share.

After a thorough discussion of all phases of the proposed exchange it was the consensus that no action need be taken with respect thereto until the Directors have had an opportunity to review the final form of the exchange agreement.

7416

PACIFIC NORTHWEST PIPELINE CORPORATION

MINUTES OF ADJOURNED MEETING OF THE BOARD OF DIRECTORS

Held November 7, 1956

(Excerpts)

The Chairman reviewed the progress which had been made toward the finalization of an agreement covering the proposed offer to exchange Special Common Stock of El Paso Natural Gas Company for Common Stock of the Corporation, which offer had been the subject of discussion at the meeting of the Board held November 2, 1956.

Harold F. Reindel, Esq. of the firm of Cahill, Gordon, Reindel & Ohl, and Messrs. Robert F. Campbell, John E. Cook, Milton H. West, Jr. and Leon M. Payne of the firm of Andrews, Kurth, Campbell and Bradley discussed vari-

ous legal aspects of the proposed exchange. Drafts of the proposed Exchange Agreement, which were stated to be in substantially final form, were distributed to all members of the Board of Directors. The Chairman stated that the final form of the Exchange Agreement would not be completed until the following day, and thereupon, on motion duly made, seconded and unanimously carried, it was

7417

PACIFIC NORTHWEST PIPELINE CORPORATION

MINUTES OF SECOND ADJOURNED MEETING OF THE BOARD OF DIRECTORS

Held November 8, 1956

(EXCERPTS)

The Secretary presented to the meeting the form of an Exchange Agreement on the letterhead of El Paso Natural Gas Company addressed to the Corporation dated November 8, 1956, consisting of 29 pages with Exhibits A, B and C attached, and was instructed to file a copy thereof with the minutes of this meeting. After discussion, on motion made by Mr. Schneider and seconded by Mr. Alexander, it was

RESOLVED, that the form, terms and provisions of the Letter Agreement among El Paso Natural Gas Company, Pacific Northwest Pipeline Corporation and the members of the Board of Directors of the Corporation signing in their capacity as stockholders of the Corporation, which agreement is dated November 8, 1956, with Exhibits A, B and C attached, be and the same are hereby approved in all respects; and

BE IT FURTHER RESOLVED, that the Chairman of the Board of Directors of the Corporation be and he hereby is authorized, empowered and directed to execute and deliver

said agreement in an appropriate number of counterpart originals for and on behalf of the Corporation; and

BE IT FURTHER RESOLVED, that the officers of the Corporation be and they hereby are authorized, empowered and directed to take such other and further steps and execute such other and further instruments, certificates and documents as are necessary to carry out and perform the obligations of the Corporation contained in said Letter Agreement.

7418

PACIFIC NORTHWEST PIPELINE CORPORATION

MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS

Held January 10, 1957

(EXCERPTS)

The Chairman opened the meeting with a statement that one of the primary purposes for which the meeting had been called was to give all the Directors current reports on the Corporation's operations. He added that this was with particular reference to the pending Stock Exchange Agreement with El Paso Natural Gas Company.

He and Mr. Payne reported that the Registration Statement of El Paso Natural Gas Company containing information covering and furnished by the Corporation had been filed with the Securities and Exchange Commission on December 14, 1956, and that it had become effective by order of the Commission dated January 8, 1957. Following the effective date of the Registration the Prospectus, a

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copy of the ruling of the Internal Revenue Service with respect to the tax consequences of the exchange transmitting forms and letters from Mr. Kayser, President of El

Paso Natural Gas Company and from Mr. Fish, Chairman of the Board of Directors of the Corporation, had been mailed to all stockholders of the Corporation residing in states where the exchange offering of El Paso Common B Stock had been properly qualified. The Directors were urged to send in their stock promptly for exchange pursuant to their agreement dated November 8, 1956.

The Chairman thereupon reported on the status of the Corporation's negotiations with Pacific Gas and Electric Company and stated that no answer had been given the Corporation, as yet, to the proposition made to them in December.

Mr. C. R. Williams reported in detail on the status of the negotiations with Westcoast Transmission Company Limited with respect to the execution of a new contract with that company covering the sale of an additional 250,000,000 cubic feet of gas per day to the Corporation at points on the International Boundary. The request made by Westcoast Transmission Company Limited that the price for this gas be subject to adjustment upward in the event the cost of constructing the necessary facilities exceeded the estimates was considered. After a thorough discussion it was, on motion duly made, seconded and unanimously carried

7420

RESOLVED, that the form, terms and provisions of the proposed contract between the Corporation and Westcoast Transmission Company Limited as disclosed in the proof of December 18, 1956 are generally satisfactory with the exception of Article V, Section 6, "Cost Adjustment;" and

IT WAS FURTHER RESOLVED, that the provisions of Article V, Section 6, "Cost Adjustment" are not satisfactory to this Corporation and are disapproved for inclusion in the foregoing-described contract.

(7420)

It was the consensus, although no formal resolution was passed, that the officers of the Corporation negotiating the contract with Westcoast Transmission Company Limited could include provisions giving either party the right to cancel in the event it appeared impossible to finance the necessary expansion of facilities within a reasonable time.

7421

PACIFIC NORTHWEST PIPELINE CORPORATION

MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS

Held March 25, 1957

(EXCERPTS)

Mr. Kayser and Mr. Payne discussed the desirability of Board recognition, for record purposes, of the execution on January 28, 1957, of a Memorandum of Agreement between Pacific Northwest Pipeline Corporation, Colorado Interstate Gas Company and El Paso Natural Gas Company. It was the consensus of the Board, in view of the past dispute between Colorado Interstate and Pacific as to the date from which billing should commence, and the further dispute between Colorado Interstate and El Paso as to the date from which El Paso should commence payments to Colorado Interstate, that formal Board acknowledgement of the fact that the three parties had resolved their disputes by the execution of the Memorandum of Agreement aforementioned was desirable. On motion duly made, seconded and unanimously carried the following resolution was adopted:

RESOLVED, that the Memorandum of Agreement executed on the 28th day of January, 1957, by Mr. Leon M. Payne for Pacific Northwest Pipeline Corporation; Mr. W. E. Mueller for Colorado Interstate Gas Company; and Mr.

Paul Kayser on behalf of El Paso Natural Gas Company be and the same hereby is recognized by this Board as termination of the controversies heretofore existing between the parties named therein, and that the execution and terms thereof are in all respects ratified and approved.

7422

The Secretary presented and read to the other Directors a letter dated January 31, 1957, from City Bank Farmers Trust Company, New York, Exchange Agent for El Paso Natural Gas Company Common B Stock, evidencing delivery to the Chase Manhattan Bank, New York, at 2:45 o'clock P.M., New York Time, certificates evidencing 4,261,250 shares of El Paso Common B Stock for the accounts of respective depositing Pacific stockholders, which shares of stock represented 2,435,000 shares of Pacific Common Stock, and the acknowledgement by the Chase Manhattan Bank of the receipt thereof. Upon motion duly made, seconded and unanimously carried, the following resolution was adopted:

RESOLVED, that the Secretary be and he hereby is instructed to file with the Minutes of this meeting a facsimile copy of the above-described letter, indicating that all terms and conditions set out in the Letter Agreement of October 24, 1956, between Mr. Ray C. Fish as Chairman of Pacific's Board of Directors, and Mr. Paul Kayser, President of El Paso Natural Gas Company, have been met; and

BE IT FURTHER RESOLVED, that the action of the officers of the Corporation in consummating the exchange of stock between the stockholders of the

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Corporation and El Paso Natural Gas Company on January 31, 1957, be and is in all respects hereby ratified and approved.

(7423)

Mr. Kayser and Mr. Boyd took no part in the discussions and did not vote on the foregoing resolutions.

The Secretary reported that the transfer from Westcoast Investment Corporation and from Pacific Northwest Pipeline Corporation of the 1,127,750 shares of Westcoast Transmission Company Limited stock to J. P. Morgan & Co. Incorporated, Trustee under Pacific's Mortgage and Deed of Trust, had been concluded and that New York counsel had approved the transfer as being exempt from Federal Documentary Stock taxes.

Mr. Kayser reported that studies on methods of combining field operations of the Corporation with El Paso Natural Gas Company in the San Juan Basin were progressing satisfactorily and that it was excepted that capital expenditures could be delayed or eliminated by reason of the efficiencies thus realized.

Mr. Williams reported on the status of the contract with Westcoast Transmission Company Limited under the terms of which Pacific proposes to import additional volumes of Canadian gas for redelivery in the United States. He read a Letter Agreement subsequently executed on January 28, 1957, by Mr. Hetherington and Mr. McMahon on behalf of Westcoast and by Messrs. Williams and Payne for Pacific which extended the date upon which Westcoast might terminate contractual negotiations from December 31, 1956, to July 1, 1957.

7424

On motion duly made, seconded and unanimously carried it was

RESOLVED, that the action of the officers of the Corporation in executing on January 28, 1957 a Letter Agreement between the Corporation and Westcoast Transmission Company Limited dated January 22, 1957, be and the same hereby is ratified and affirmed.

The Secretary reported that applications had been prepared and submitted or were in the process of being prepared for submittal to the Federal Power Commission for authorizations required to construct, maintain and operate certain sales laterals and other facilities to sell and deliver natural gas to Utah Gas Service Company for resale to Uinta Oil Refining Company near Vernal, Utah; to sell and deliver natural gas to Northwestern Portland Cement Company near Grotto, Washington; and to sell and deliver natural gas to Union Carbide Nuclear Company near Slick Rock, Colorado. Upon motion duly made, seconded and unanimously carried it was

RESOLVED, that the action of the officers of the Corporation in preparing, executing and, on January 11, 1957, filing with the Federal Power Commission, in Docket No. G-11728, in accordance with the rules and regulations of that Commission, an application for authority to construct and operate facilities necessary to permit the sale and delivery of natural gas to Utah Gas Service Company for resale to Uinta Oil and Refining Company near Vernal, Utah; in preparing, executing and, on March 14, 1957, filing with the Federal Power Commission, in Docket No. G-12221, in accordance with the rules and regulations of that Commission, an application for authority to construct and operate facilities necessary to permit the sale and delivery of natural gas to Northwestern Portland Cement Company near Grotto, Washington; and

in preparing, executing and, on March 21, 1957, filing with the Federal Power Commission, in Docket No. G-12269, in accordance with the rules and regulations of that Commission, an application for authority to construct and operate facilities necessary to permit the sale and delivery

of natural gas to Union Carbide Nuclear Company near Slick Rock, Colorado be, and the same hereby is in all respects approved, ratified and affirmed.

7426

PACIFIC NORTHWEST PIPELINE CORPORATION

MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS

Held May 1, 1957

(EXCERPTS)

The Chairman then stated that the Corporation had, on March 8, 1957, executed and delivered its Promissory Note in the principal amount of $5,000,000 payable to the order of El Paso Natural Gas Company against payment of said principal amount. Said Note was issued pursuant to the provisions of paragraph 9(a) of that certain Agreement dated November 8, 1956 between El Paso Natural Gas Company and the Corporation. Said Note further provides that the Corporation shall have the right, at its option, to pay the principal amount in whole, but not in part, by delivery to the holder shares of the Common Stock of the Corporation at the rate of one (1) share of the Corporation's Common Stock for each $30.00, or fraction thereof, of said principal amount. Interest on the Note at the rate of five

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per cent (5%) per annum from date until maturity is to be paid in cash. The Corporation has the privilege of prepaying the Note at any time in whole but not in part. The Chairman further stated that on April 15, 1957, the Corporation executed and delivered to El Paso Natural Gas Company a second note, also in the principal amount of $5,000,000, and containing the same terms and provisions. The Chairman stated that the consents of the various banks

which are required for these borrowings have been obtained. Whereupon, after discussion and upon motion duly made, seconded and unanimously carried the following resolutions were adopted:

RESOLVED, that the action of A. B. Allyne, Vice President of the Corporation, and C. A. Watson, Assistant Secretary of the Corporation, in executing and delivering in the name of and on behalf of the Corporation those two certain Promissory Notes, one dated March 8, 1957 and the second dated April 15, 1957, each in the principal amount of $5,000,000 with interest at the rate of five per cent (5%) per annum, copies of which have been presented to this meeting, be and the same hereby is approved, ratified and affirmed; and that the form, terms and provisions of said Promissory Notes be and the same hereby are in all respects approved; and

BE IT FURTHER RESOLVED, that all actions by any and all officers of this Corporation taken or performed prior to the date hereof in respect of the obtaining of the necessary consents to the foregoing borrowings and in respect of the preparation, execution and delivery of said Promissory Notes be and they hereby are in all respects approved, ratified and confirmed.

7428

PACIFIC NORTHWEST PIPELINE CORPORATION

MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS

Held July 16, 1957

(EXCERPTS)

The Chairman, having brought up for discussion the abandonment of the Corporation's natural gas pipeline fa-

cilities and the acquisition thereof by El Paso Natural Gas Company for future operation, as well as the necessity for Federal Power Commission approval of such abandonment, it was duly moved, seconded and unanimously

RESOLVED, that the abandonment by this Company of all of its certificated natural gas pipeline faiclities and the service rendered thereby so that these facilities may be acquired and operated and the service rendered by El Paso Natural Gas Company, be and the same hereby is in all respects authorized and approved, subject to the obtaining from the Federal Power Commission and any other governmental bodies having jurisdiction in the premises of all requisite authorizations for this Company to abandon, and for El Paso Natural Gas Company to acquire and operate, such facilities; and that the President or any Vice President of this Company be and hereby is authorized and directed, in the name and on behalf of this Company, to execute and file or cause to be filed with the Federal Power Commission an application under Section 7 of the Natural Gas Act, as amended, seeking the grant to this Company of a certificate of public convenience and necessity for the abandonment of said facilities and the service rendered thereby as hereinabove stated; and that the proper officers of this Company be and they hereby are authorized and directed to take all such other and further action as may be deemed necessary or desirable in connection with the making, filing and prosecution of said application, including the making of any and all such amendments thereto as the President or any Vice President of this Company may deem useful and proper.

PACIFIC NORTHWEST PIPELINE CORPORATION—

MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS

Held August 26, 1957

(EXCERPTS)

The Chairman then presented to the meeting the following instruments executed by and between Pacific Northwest Pipeline Corporation (hereinafter referred to as "Pacific") and Westcoast Transmission Company Limited (hereinafter referred to as "Westcoast") which were ordered to be marked and filed with the minutes of the meeting:

(1) Memorandum of Agreement, not under seal, dated May 25, 1957 between Pacific and Westcoast rescinding and cancelling the Interim Letter Agreement, not under seal, between the same parties dated August 1, 1956 as extended by a Memorandum of Agreement dated January 22, 1957 acknowledged by Pacific on January 28, 1957.

(2) Interim Letter Agreement, not under seal, dated May 25, 1957 between Pacific and Westcoast whereby Westcoast proposed to sell and Pacific agreed to buy 100 million cubic feet of natural gas per day at a point on the International Boundary near Sumas, Washington.

(3) Interim Letter Agreement, not under seal, dated June 8, 1957 between Pacific and Westcoast supplementing and amending the above mentioned Letter Agreement of May 25, 1957 by the additional sale and delivery by Westcoast and the purchase by Pacific of

50 million cubic feet of natural gas per day in addition to the volumes provided for in the Letter Agreement of May 25 (Sumas No. 2 Contract).

(4) An Interim Letter Agreement dated May 25, 1957, not under seal, by and between Pacific and Westcoast providing for the sale and delivery by Westcoast and the purchase by Pacific of 150 million cubic feet of natural gas per day at a point on the International Boundary near Kingsgate, British Columbia, and further stipulating that the delivery and acceptance of such quantities of natural gas shall be commenced on or about November 1, 1958.

(5) Gas Purchase Contract (proof of May 25, 1957) between Pacific as Buyer and Westcoast as Seller under the terms of which Westcoast agrees to sell and Pacific agrees to buy 300,000 Mcf of natural gas per day at a

point on the International Boundary near Sumas, Washington (Sumas No. 2 Contract), and giving the Buyer the right to increase its contract demand by an additional 100,000 Mcf per day.

(6) Gas Purchase Contract (proof of May 25, 1957) between Pacific as Buyer and Westcoast Transmission Company Limited as Seller under the terms of which Westcoast agrees to construct and operate the necessary facilities from gas fields in Southwestern Alberta to a point on the International Boundary near Kingsgate, British Columbia, for delivery and sale to Pacific of 150 million cubic feet of natural gas per day, subject to the terms and conditions therein set forth.

The various features of the Memoranda of Agreement, Letter Agreements, Interim Letter Agreements and Gas

Purchase Contracts were discussed in detail after which, on motion duly made, seconded and unanimously carried, the following resolutions were adopted:

RESOLVED, that (1) the action of the officers of the Company in executing and delivering, for and on behalf of the Corporation, the Memorandum of Agreement dated May 25, 1957 rescinding and cancelling the Interim Letter Agreement by and between the Company and Westcoast dated August 1, 1956 as extended by a Memorandum of Agreement dated January 22, 1957; and (2) the action of the officers of the Company in entering into an Interim Letter Agreement, not under seal, dated May 25, 1957 providing for the delivery and sale of 100 million cubic feet of natural gas per day at a point on the International Boundary near Sumas, Washington, be and the same hereby is in all respects ratified and affirmed; and

BE IT FURTHER RESOLVED, that the President or any Vice President of the Corporation be, and hereby is, authorized to execute and deliver, for and on behalf of the Corporation, a Gas Purchase Contract in substantially the form presented to this meeting, with such changes as the officer executing the same may approve, his approval to be conclusively evidenced by his execution thereof, said Gas Purchase Contract providing for the sale by Westcoast Transmission Company Limited and the purchase by Pacific Northwest Pipeline Corporation at a point on the International Boundary near Sumas, Washington, of 300,000

Mcf of natural gas per day at the connection with the pipeline facilities of the Buyer; and

BE IT FURTHER RESOLVED, that the action of the officers of the Corporation in executing and delivering, not under seal, for and on behalf of the Corporation, an Interim Letter

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Agreement dated May 25, 1957 wherein Westcoast proposes to sell and Pacific agrees to buy at a point on the International Boundary near Kingsgate, British Columbia, 150 million cubic feet of natural gas per day, be and the same hereby is in all respects ratified and affirmed; and

BE IT FURTHER RESOLVED, that the President or any Vice President be, and hereby is authorized to execute and deliver, for and on behalf of the Corporation, a Gas Purchase Contract in substantially the form presented to this meeting, with such changes as the officer executing the same may approve, his approval to be conclusively evidenced by his execution thereof, providing for the sale by Westcoast and the purchase by Pacific of 150 million cubic feet of natural gas per day at the connection of Seller's facilities and Buyer's facilities on the International Boundary near Kingsgate, B. C.; and

BE IT FURTHER RESOLVED, that the officers of the Corporation be, and each of them hereby is authorized and empowered to do or cause to be done all such further acts or things as any such officer shall deem necessary or appropriate in order to carry out the terms and provisions of the foregoing resolution; and

BE IT FURTHER RESOLVED, that the form, terms and provisions of the said Gas Purchase Contract (Sumas No. 2) and the Gas Purchase (Kingsgate) Contract as presented to this meeting, with any changes authorized as aforesaid, be and the same hereby are approved, and the officers of the Corporation be, and the same hereby are authorized and directed to take any and all action necessary or appropriate to enable the Corporation to carry out the terms and provisions of the said Gas Purchase Contracts and to perform its obligations thereunder.

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PACIFIC NORTHWEST PIPELINE CORPORATION

MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS

Held August 27, 1957

(EXCERPTS)

The Chairman stated that after consultation with the Corporation's Independent Accountants, Main & Co., and with tax and other counsel, it had been proposed that the Corporation sell 50,000 shares of the Common Stock of Westcoast Transmission Company Limited, owned by the Corporation through its wholly owned subsidiary Westcoast Investment Corporation, and pledged with the Trustee under the Corporation's Mortgage and Deed of Trust. Arrangements have been made to provide the funds required to release all of the 1,127,750 shares of said stock from the Trust Estate and the lien of the Mortgage, and he reviewed for the meeting the terms of a three-way letter agreement dated August 27, 1957 between the Corporation and its subsidiary, Westcoast Investment Corporation and El Paso Natural Gas Company which contained these arrangements.

7433

PACIFIC NORTHWEST PIPELINE CORPORATION

MINUTES OF THE RECESSED SPECIAL MEETING OF THE BOARD OF DIRECTORS

Held October 21, 1957

(EXCERPTS)

The Chairman, having brought up for consideration the subject of the importation of natural gas from the Dominion of Canada, said that such importation subjects the Cor-

poration to certain requirements of the United States tariff laws including, in part, the obligation to perform certain periodic acts in the Custom District or Districts where importation occurs. The Chairman further stated that it appeared advisable to grant the President or any Vice President of the Corporation the power to authorize one or more employees of the Corporation, resident in the general area or areas where such acts must be performed, to perform such acts in behalf of the Corporation. He said that the United States Treasury Department prescribes a special form for use in so authorizing such employee or employees, and exhibited to the meeting a copy of such form.

After discussion and on motion duly made, seconded and unanimously carried, the following resolution was adopted:

RESOLVED, that the President or any Vice President of the Corporation be, and each or either of them hereby is, authorized to constitute and appoint any employee of the Corporation or each of several employees as a true and lawful agent and attorney of the Corporation through execution of a Power of Attorney or Powers of Attorneys substantially in the form presented to this meeting.

The Bureau of Customs form was marked by the Secretary to be filed with the minutes of this meeting.

7434

The Chairman then advised the meeting of the progress of the preliminary negotiations with Mr. Arthur Belfer and associates in the Belfer Natural Gas Company and Belco Petroleum Corporation for the purchase by the Corporation's parent company, El Paso Natural Gas Company, of natural gas to be produced from acreage owned or controlled by said corporations in the Big Piney Area in southwestern Wyoming. He stated that it was estimated by El Paso's geologists

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that up to 200,000 Mcf per day of gas might become available for sale and delivery from such acreage after full development, in addition to the volumes presently contracted to others, and that it was proposed that El Paso would enter into a 20-year contract for the purchase of gas at such rate at a purchase price of approximately 18½¢ per Mcf, with provision being made for a reduction of the contracted daily volume if a lesser deliverability, over and above existing commitments, should be developed. He stated that, in view of the fact that the acreage was substantially undeveloped and the Belfer interests represented that they would need financial assistance in order to drill up the acreage, it was proposed that, as a part of the consideration for the execution of the gas contract, El Paso would agree to advance initially to said corporations between $1,300,000 and $1,400,000, such funds to be used by them to drill wells to prove the gas reserves attributable to such acreage. He further stated that the advances expected to be made by El Paso for that purpose and for the full development of the properties would probably amount to a maximum total of $7,000,000 to $9,000,000, all such advances to be repaid, with interest, at 5¼% per annum, by deducting one-half (½) of the charges to El Paso for gas purchased from such properties until such advances, plus interest, should be repaid in full. He stated that the proposed contract would probably include a provision whereby El Paso would be obligated to take or pay for gas valued at approximately $1,600,000 by July 1, 1958. He further stated that, in order

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that such supplies of gas could be made available to the Corporation, provision would be made that any contract for the purchase of such gas could be assigned by El Paso to the Corporation, with primary financial responsibility remaining in El Paso.

7437

PACIFIC NORTHWEST PIPELINE CORPORATION

MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS

Held November 21, 1957

(EXCERPTS)

The Chairman advised the meeting that the Presiding Examiner of the Federal Power Commission had issued an opinion in Docket No. G-10455, et al. recommending the issuance of a Certificate of Public Convenience and Necessity to Pacific and the other pipe line companies seeking certificates in the consolidated proceeding. He said that in Pacific's case the certificate would be conditioned upon the presentation to the Commission of a satisfactory plan of financing not only for approximately $9 million work of jurisdictional facilities involved, but also for the San Juan Basin wells and gathering systems extensions estimated to cost approximately $21.8 million. Mr. Kayser stated that exceptions to the Presiding Examiner's decision have been filed by the Commission Staff and others, the effect of which, *inter alia*, would be questioning the adequacy of Pacific's San Juan Gas reserves to meet the additional demand imposed on the Corporation by the proposed sale of an additional 117,500 Mcf per day of gas to Colorado Interstate Gas

7438

Company. He further stated that the Commission had called for Oral Argument and had set December 5, 1957, as the date for such argument and that it was Pacific's burden to present, through its counsel, evidence satisfactory to the Commission that the Corporation is able to meet the obligations of the major issues involved; i.e., financial abil-

ity to proceed with the construction of necessary facilities and extensions to its system, sufficient gas reserves to meet the deliverability estimates required under its present and contemplated contractual obligations, and policy questions which will become obvious as a result of these requirements. The Chairman then opened the meeting for a full discussion by the Board. No action was taken.

The Chairman and the Secretary presented to the meeting some of the problems which will undoubtedly arise in connection with the Corporation's presentation to the Federal Power Commission in support of Docket No. G-13018, in which Commission approval has been requested by the Corporation to abandon its facilities in favor of El Paso's application, also pending before the Commission in Docket No. G-13019, to acquire Pacific's facilities and merge the two companies. Mr. Payne said that as of the date of the meeting there had been twenty-three (23) petitions filed with the Commission for intervention. He also mentioned the direct responsibilities of Pacific in the preparation and presentation of certain testimony and of Pacific's cooperation in the presentation of other testimony when the Commission has set a hearing date. Because of the importance of the Corporation's application in

Docket No. G-13018, both to Pacific and to the present company, El Paso Natural Gas Company, the Chairman opened the meeting for a full discussion by the Directors. No action was taken.

Mr. Kayser thereupon brought up for consideration at the meeting the alternatives with respect to the Corporation's 5% Subordinate Notes due December 31, 1957 payable to El Paso for the $15,000,000 loan advanced by the latter Company under the terms of the Stock Exchange

(7439)

Agreement between the companies dated November 8, 1956. He reviewed the three alternatives; i.e.:

(a) the payment of the loan in cash;

(b) the delivery to El Paso by Pacific shares of its Common Stock at the rate of one (1) share of such stock for each $30 principal amount of the notes, plus interest accrued and due at December 31, 1957; or

(c) the securing of the bondholder's consent to the extension of the maturity date thereof.

It was the consensus of the Board that alternative (c) should be the method pursued and no other action was deemed essential.

7440

The Chairman then stated that by virtue of the gas sales contract dated August 23, 1955 between the Corporation and El Paso Natural Gas Company, it was necessary that El Paso construct certain measuring and related facilities in close proximity to the Corporation's Compressor Station No. 18. He further stated that in order to provide a site for El Paso's facilities, the Corporation had on July 1, 1957 conveyed to El Paso a small tract of land, comprising slightly more than .2 of an acre, out of the site upon which Station No. 18 is constructed and that it was appropriate for the Corporation to obtain a release of the tract from the lien of its Mortgage and Deed of Trust so as to clear El Paso's title.

After a full discussion and upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that the action of A. B. Allyne and G. Scott Cuming, Vice President and Assistant Secretary, respectively, of the Corporation in executing for and on behalf of and in the name of the Corporation a certain Warranty

Deed dated July 1, 1957 conveying unto El Paso Natural Gas Company the following described property:

That part of Government Lot 1, Section 36, Township 41 North, Range 4 East, of the Willamette Meridian, Whatcom County, Washington, described as follows:

BEGINNING at a point in the East boundary line of that tract of land conveyed by Katherine Nims to Pacific Northwest Pipeline Corporation by deed dated October 12, 1955, said point being 660 feet East and 264.65 feet South of the Northwest Corner of Government Lot 1, Section 36, Township 41 North, Range 4 East, of Willamette Meridian, Whatcom County, Washington, and being 1048.40 feet West and 264.65 feet South of Boundary Marker No. 35 on the International Boundary between the United States of America and the Dominion of Canada;

7441

THENCE, West 157.46 feet;

THENCE, South 60.00 feet;

THENCE, East 157.46 feet to a point in the East boundary line of that tract of land conveyed by Katherine Nims to Pacific Northwest Pipeline Corporation by deed dated October 12, 1955;

THENCE, North 60.00 feet to the point of beginning and containing 0.217 acres of land.

be and the same hereby is in all things approved, ratified and confirmed, and that such action was desirable in the proper conduct of the business of the Corporation; and

FURTHER RESOLVED, that the President or any Vice President of the Corporation, together with the Secretary or any

Assistant Secretary or the Treasurer or any Assistant Treasurer thereof, be and each of them hereby is authorized, empowered and directed to deliver or cause to be delivered to J. P. Morgan & Co. Incorporated, as Trustee, any and all necessary and appropriate certificates, opinions and documents so as to obtain the release of the above-described property from the lien of the Mortgage and Deed of Trust dated as of October 1, 1955 from the Corporation to J. P. Morgan & Co. Incorporated and Robert P. Howe, as Trustees, as supplemented and amended by First, Second, Third and Fourth Supplemental Indentures; and

FURTHER RESOLVED, that J. P. Morgan & Co. Incorporated, as Trustee under the aforesaid Mortgage and Deed of Trust, as supplemented and amended, be and hereby is requested to release the above-described property from the lien of said Mortgage and Deed of Trust, as supplemented and amended, upon application for such release by the officers of the Corporation hereinabove in these resolutions authorized to apply for such release.

7442

Mr. Kayser presented to the meeting copies of the following instruments:

(a) Letter Agreement, dated August 27, 1957, entered into by and between the Corporation with Westcoast Investment Corporation and El Paso Natural Gas Company providing, among other things, for the purchase by El Paso from Westcoast Investment Corporation of 50,000 shares of the capital stock of Westcoast Transmission Company Limited for $39.00 per share (or an aggregate of $1,900,000), for the loan by El Paso to Westcoast Investment Corporation of the sum of $3,700,000 against the later's note due December 31, 1958 with interest at the rate of five per cent

(5%) per annum and secured by the pledge of 189,748 shares of the Westcoast Transmission Company Limited stock, and for the release and return to Westcoast Investment Corporation of all the Westcoast Transmission Company Limited's stock previously pledged under Pacific's Mortgage; and

(b) Promissory Note and Pledge Agreement hereinabove mentioned from Westcoast Investment Corporation to El Paso Natural Gas Company dated August 30, 1957 and due December 31, 1958 with interest at the rate of five per cent (5%) per annum.

7443

The Chairman said that at its meeting held on August 27, 1957 the Board of Directors adopted appropriate resolutions authorizing the withdrawal and take down from the Trust Estate and lien of the Corporation's Mortgage and Deed of Trust the aforementioned shares of Westcoast Transmission Company Limited common stock, and that officers of the Corporation had been authorized and empowered by appropriate Board resolution to execute and deliver the Three-Way Letter Agreement described in paragraph (a) above.

On motion duly made, seconded and unanimously carried, it was

RESOLVED, that the action of the officers of the Corporation in executing and delivering, for and on behalf of the Corporation, the Three-Way Letter Agreement between the Corporation with Westcoast Investment Corporation and El Paso Natural Gas Company be, and the same hereby is, ratified and affirmed.

7444

PACIFIC NORTHWEST PIPELINE CORPORATION

MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS

Held January 24, 1958

(EXCERPTS)

The Chairman then stated that it was appropriate for the Board to ratify certain actions heretofore taken by officers of the Corporation. After discussion the following resolutions were, on motion duly made and seconded, unanimously adopted:

RESOLVED, that the actions of the officers of the Corporation in executing and delivering the non-interest bearing Promissory Note of the Corporation dated January 1, 1958 and maturing December 31, 1958 in the principal amount of $15,000,000 (and payable at the option of the Corporation in shares of the Corporation's Common Stock taken at a figure of $30.00 per share), which Note is payable and was delivered to and accepted by El Paso Natural Gas Company in renewal of the Corporation's three $5,000,000 Promissory Notes of similar tenor due December 31, 1957, which had been executed and delivered by the Corporation to El Paso Natural Gas Company during the year 1957 for advances by El Paso Natural Gas Company to the Corporation pursuant to the "Exchange Agreement" between said corporations dated November 8, 1956, be, and the same hereby are, ratified and affirmed in all respects.

7445

PACIFIC NORTHWEST PIPELINE CORPORATION

MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS

Held April 30, 1958

(EXCERPTS)

Mr. Silloway reported that funds received in August, 1957 from the transfer and sale to El Paso Natural Gas Company of 50,000 shares of Westcoast Transmission Company Limited stock owned by the

7446

Corporation through its wholly-owned subisdiary, Westcoast Investment Corporation, were depleted and that if the Board declares dividends due and payable June 1, 1958 on the Corporation's Cumulative Preferred Stock, $3.30 Series, some action must be taken at this meeting to provide available funds which will be required to make such dividend payment.

The Chairman suggested that the Directors give consideration to and adopt appropriate resolutions authorizing officers of the Corporation to effect an additional sale of Westcoast Transmission Company Limited stock, all of which had been released from the Trust Estate and lien of the Mortgage under the terms of a three-way Letter Agreement dated August 27, 1957 between the Corporation, Westcoast Investment Corporation and El Paso Natural Gas Company.

After consideration and discussion, the following resolutions were duly moved and seconded and unanimously adopted:

RESOLVED, that the officers of the Corporation be, and they hereby are, authorized, empowered and directed to

purchase 100,000 shares of the capital stock of Westcoast Transmission Company Limited presently owned by the Corporation's subsidiary, Westcoast Investment Corporation, in exchange for the cancellation of $500,000 of the indebtedness of Westcoast Investment Corporation to this Corporation; and

BE IT FURTHER RESOLVED, that the officers of the Corporation be, and they hereby are, authorized, empowered and directed to cause the transfer of said 100,000 shares of the capital stock of Westcoast Transmission Company Limited to El Paso Natural Gas Company for the sum of $2,300,000; and

BE IT FURTHER RESOLVED, that the officers of the Corporation be, and they hereby are, authorized, empowered and directed to execute and carry out the Memorandum Agreement covering said sale and transfer of 100,000 shares of the capital stock of Westcoast Transmission Company Limited

and to provide the funds necessary to defray the cost of Federal Documentary Transfer Stamps; and

BE IT FURTHER RESOLVED, that Leon M. Payne, Vice President and Secretary of the Corporation be and he is hereby authorized, empowered and directed to execute for and on behalf of and in the name of this Corporation any and all instruments of assignment or transfer or other documents necessary, proper or convenient to effect a transfer of the above-described shares of stock including but not by way of limitation, an Irrevocable Stock Power executed in blank; and

BE IT FURTHER RESOLVED, that the said Leon M. Payne, Vice President and Secretary of this Corporation, be and he is hereby authorized, empowered and directed to furnish

true and correct copies of these resolutions, under the corporate seal, to any transfer agent having custody and control of the stock transfer records of Westcoast Transmission Company Limited.

7448

EXCERPTS OF

MINUTES OF BOARD OF DIRECTORS MEETING HELD

July 23, 1958

effective by Order of the Commission dated April 28, 1958, binding the Corporation to refund with simple interest any amounts collected which may finally be determined by the Commission to be not justified, be, and the same hereby is, approved, ratified and affirmed; and

FURTHER RESOLVED, that the further action of such officers in submitting Monthly Reports to the Federal Power Commission, commencing in February of this year, reflecting differences in amounts collected under its jurisdictional rates between those rates which went into effect February 5, 1958 and those in effect prior to that date be, and hereby is, in all respects, approved, ratified and affirmed.

The Chairman announced that officers of the Corporation, El Paso Natural Gas Company and Westcoast Investment Corporation intend to execute, as of even date, a Memorandum of Agreement whereby Pacific, through its wholly-owned subsidiary, Westcoast Investment Corporation, agrees to sell to El Paso Natural Gas Company and El Paso agrees to purchase 70,000 shares of Westcoast Transmission Company Limited capital stock at the average between the closing bid and asked prices of such stock on July 22, 1958; namely, $21.375 per share, for a total of $1,496,250, out of which total Pacific further agrees to pay any and all documentary transfer taxes, Canadian, Federal and/or

(7448)

State incurred or payable by any party in connection with the transfer; and Westcoast Investment Corporation, in consideration of the cancellation by Pacific of $350,000 of its indebtedness to Pacific for sums advanced for the purchase of the Westcoast Transmission capital stock, agrees to transfer 70,000 shares of the Transmission Company capital stock to El Paso as soon as practical, without cost to El Paso.

7449

After consideration and discussion and on motion duly moved, seconded and unanimously carried, the following resolutions were adopted:

RESOLVED, that the officers of this Corporation be and they are hereby authorized, empowered and directed to execute for and on behalf of the Corporation a Memorandum of Agreement dated July 23, 1958 to effect the transfer and sale of 70,000 shares of Westcoast Transmission Company Limited capital stock; and

FURTHER RESOLVED, that the aforesaid officers be, and they hereby are, authorized, empowered and directed to purchase 70,000 shares of the capital stock of Westcoast Transmission Company Limited presently owned by the Corporation's subsidiary, Westcoast Investment Corporation, in exchange for the cancellation of $350,000 of the indebtedness of Westcoast Investment Corporation to this Corporation; and

FURTHER RESOLVED, that the officers of this Corporation be, and they hereby are, authorized, empowered and directed to cause the sale and transfer of said 70,000 shares of Westcoast Transmission Company Limited capital stock to El Paso Natural Gas Company at the average between the closing bid and asked prices of such stock as of July 22, 1958; namely, $21.375 per share, for a total of $1,496,250; and

FURTHER RESOLVED, that the officers of the Corporation be, and they hereby are, authorized, empowered and directed to carry out the terms of the Memorandum of Agreement to be executed this date covering the hereinabove described transfer and sale of 70,000 shares of Westcoast Transmission Company Limited capital stock and to provide the funds necessary to defray the cost of Federal Documentary Transfer Stamps, Canadian, Federal and/or State taxes incurred or payable in connection with such transfer; and

FURTHER RESOLVED, that Leon M. Payne, Vice President and Secretary of the Corporation, be, and he hereby is, authorized, empowered and directed to execute for and on behalf of and in the name of this Corporation any and all instruments of assignment or transfer or other documents necessary, proper or convenient to effect a transfer of

the above-described shares of stock including but not by way of limitation an Irrevocable Stock Power executed in blank; and

FURTHER RESOLVED, that the said Leon M. Payne, Vice President and Secretary of this Corporation, be, and he hereby is authorized, empowered and directed to furnish true and correct copies of these Resolutions, under the corporate seal, to any transfer agent having custody and control of the stock transfer records of Westcoast Transmission Company Limited.

7451

PACIFIC NORTHWEST PIPELINE CORPORATION

MINUTES OF EXECUTIVE COMMITTEE MEETING

July 6, 1956

The first meeting of the Executive Committee of Pacific Northwest Pipeline Corporation was held in the office of the Chairman at 4:00 o'clock P.M., Central Standard Time, in the M & M Building, Houston, Texas.

Committee members present were

Ray C. Fish
C. R. Williams
Alfred C. Glassell, Jr.
Leon M. Payne

constituting the entire membership of the Committee.

Mr. Williams submitted for consideration the proposed Gas Purchase Contract with Magnolia Petroleum Company dated June 15th, 1956, covering acreage in the San Juan Basin. In the discussion which followed it was pointed out that the contract contained a "take or pay" date of November 1, 1956, extendable to December 1, 1956, as per the attached letter agreement, and that a rather long lateral line would be required to gather this gas. It was further pointed out that El Paso Natural Gas Company will take the gas if Pacific does not. Consistent with their corporate policy Magnolia will not agree to file applications with the Federal Power Commission for Certificates of Public Convenience and Necessity.

On motion duly made and seconded, it was

7452

RESOLVED, that the officers of the Corporation be and they are hereby authorized, empowered and directed to execute

and deliver the Gas Purchase Contract with Magnolia Petroleum Company dated June 15, 1956.

The proposed Rangely Gas Purchase Agreement with The Texas Company, being the draft attached to the letter of June 22, 1956, from The Texas Company to Mr. C. E. Pliley, was then discussed. It was pointed out that Pacific has an existing agreement with the Union Pacific Railroad Company for the purchase of gas at the tailgate of the Rangely plant, and has filed an application with the Federal Power Commission for authorization to construct the facilities to take this gas. The proposed Texas Company contract would provide for delivery of gas at a point only 900 feet from Pacific's line at a higher pressure than that available under the Union Pacific contract and that the gas would be dehydrated, if the Colorado Oil and Gas Conservation Commission approved the sale of the gas. Pursuant to The Texas Company contract it was felt that all other interest owners would sign a similar agreement, including Union Pacific.

On motion duly made, seconded, and unanimously carried, it was

RESOLVED, that the officers of the Corporation be and they are hereby authorized, empowered and directed to execute and deliver the Gas Purchase Contract with The Texas Company in the form attached to the letter of June 22, 1956, addressed to Mr. C. E. Pliley; and

BE IT FURTHER RESOLVED, that Fish Northwest Constructors, Inc. be authorized, empowered and directed

to design and cause the installation of facilities to take delivery of gas at the delivery point or points as set forth in the above described contract; and

BE IT FURTHER RESOLVED, that the officers of the Corporation be and they are hereby authorized, empowered and

directed to apply to the Federal Power Commission for all required authorizations to effectuate said contract, but to proceed with the installation of facilities (approximately $35,000) required to receive such gas while awaiting authorization from the Federal Power Commission.

Mr. Williams stated that he had attempted to re-negotiate The Chicago Corporation-San Juan Basin Agreement and to secure relief from the continuous drilling obligation which it imposes. The Chicago Corporation refused to grant relief, and Mr. Williams was authorized to reassign the acreage which was uneconomical for the Corporation to develop in the manner permitted by the Corporation's First Mortgage.

Mr. Fish reviewed the hisotry of the original and subsequent negotiations and contacts with Calor Gas Company, who had assured him that they would perform their contract to market the products of the Corporation's Ignacio plant. Recently, however, their representatives have been forced to admit that they have made no arrangements to sell these products; that they have no trucks arranged to move them; that they can not and will not perform their contract unless Pacific reduces the price by an average of ½¢ per gallon. A meeting has been scheduled with representatives of Calor Gas Company for the week of July 16, when the entire situation will be reviewed and possible alternatives discussed. Mr. Payne was instructed to prepare a letter advising Calor Gas Company and Specialty Gas Products of the approximate date on which Pacific would demand performance under its contract. The details

of the anticipated deliveries will be furnished them when the reviews of certain studies presently under way have been determined.

The proposed letter between Pacific and Northwest Production Corporation covering the drilling of wells in the

San Juan Basin and the furnishing of engineering and geological services between the two companies was deferred.

With respect to the overall policy of buying additional gas it was the consensus that Pacific should continue to buy gas located advantageously to its line; that the terms of each deal should be carefully scrutinized; that "take or pay for" obligations should be undertaken reluctantly; that Pacific should attempt to defer "take or pay for" obligations until the proposed sale for the gas had received all required authorizations; that all contracts should be presented to the Executive Committee or to the Board of Directors for study prior to execution.

The necessity of providing for additional working capital by means of a short term loan or line of credit was discussed. The Corporation's working capital is presently tied up in the advanced payments for gas which have been made in the Big Piney and other fields. It was the consensus that a study should be made showing definitely the Corporation's requirements, and it was pointed out that provision might have to be made for some working capital prior to the next drawdown of money from the Trustee under the Mortgage.

The desirability of having a meeting of the Board of Directors in Portland, Oregon, at the time of the ceremonies there on

August 16, 1956 was discussed. No action was taken.

There being no further business to come before the Committee, on motion duly made and seconded, the meeting was adjourned.

LEON M. PAYNE, Secretary
RAY C. FISH, Chairman

8125

Hearing Exhibit Number 411

EL PASO NATURAL GAS COMPANY

MEETING OF BOARD OF DIRECTORS

Held April 4, 1955

Pursuant to the foregoing Consent and Waiver of Notice, a Special Meeting of the Board of Directors of El Paso Natural Gas Company was held in the Directors' Room on the sixteenth floor of the El Paso Natural Gas Building, El Paso, Texas, on Monday, April 4, 1955, at 9:30 o'clock A.M., Mountain Standard Time.

The following directors, constituting a majority of the Board and a quorum, were present:

Messrs. Howard Boyd
C. C. Cragin
A. R. Grambling
Paul Kayser
F. A. Liddell
C. L. Perkins
H. F. Steen
D. H. Tucker
Fred T. Wagner

Mr. Ben R. Howell was also present by request.

The President, Mr. Kayser, called the meeting to order and acted as Chairman, and the Secretary, Mr. Virgil Rittmann, acted as Secretary of the meeting and kept the minutes thereof.

The Chairman reported on the status of negotiations relating to the proposal of certain stockholders of Pacific Northwest Pipeline Corporation for the exchange of outstanding shares of its Common Stock for shares of Common Stock of the Company. The Chairman further stated

that such acquisition should open up new natural gas markets in the Pacific Northwest where the population growth in recent years had been three times the national average, should permit the Company to market more economically the gas supplies being developed in the new Pinedale field in Sublette County, Wyoming since the proposed route of Pacific Northwest Pipeline Corporation's pipe line was within 30 to 40 miles from the Pinedale field, and should give the Company a good position in relation to the vast gas reserves being developed in western Canada.

After extended consideration and discussion, the following resolution was duly moved and seconded and adopted:

RESOLVED, that the President or any Vice President of this Company be and hereby is authorized and empowered, in the name and on behalf of this Company, to continue negotiations along

the lines discussed at this meeting for the exchange of shares of the Common Stock of this Company for shares of the Common Stock of Pacific Northwest Pipeline Corporation, provided that no contract, instrument or agreement shall be executed on behalf of this Company in connection with or as a consequence of such negotiations except pursuant to the express prior authorization thereof by the Board of Directors of this Company.

The Chairman then suggested that the meeting be adjourned and reconvened on the following day in New York City for the benefit of the directors who were not present to give them an opportunity to consider the action taken by the Board at this meeting.

Thereupon, upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED that this meeting adjourn to reconvene at the office of this Company, Room 4706, 40 Wall Street, New

York, New York, on Tuesday, April 5, 1955, upon call by the Chairman and notice given in person or by telephone to each of the Directors not present at this initial session.

The meeting then adjourned in accordance with the foregoing resolution.

A true record:
s/ VIRGIL RITTMANN
Secretary

Approved:
s/ PAUL KAYSER
Chairman

8127

EL PASO NATURAL GAS COMPANY

ADJOURNED MEETING OF BOARD OF DIRECTORS

Held April 5, 1955

Pursuant to the resolution of adjournment adopted at the Special Meeting of the Board of Directors of El Paso Natural Gas Company held in El Paso, Texas, on Monday, April 4, 1955, an adjourned session of said meeting was held at the office of the Company, Room 4706, 40 Wall Street, New York, New York, on Tuesday, April 5, 1955, at 11:00 o'clock A.M., Eastern Daylight Saving Time.

The following directors, constituting a majority of the Board and a quorum, were present:

Messrs. Howard Boyd
Lindsay Bradford
Paul Kayser
Frank A. Liddell
C. L. Perkins
D. H. Tucker

The President, Mr. Kayser, called the meeting to order and acted as Chairman. In the absence of the Secretary and Assistant Secretaries of the Company, Mr. Boyd was,

upon motion duly made and seconded and unanimously adopted, chosen to act as Secretary of the Meeting and, as such, kept the minutes of the meeting.

The Chairman outlined the discussions had at the special meeting of the Board of Directors held in El Paso, Texas, on the preceding day and reported that a resolution was adopted authorizing and empowering the officers of the Company to continue negotiations with the stockholders and representatives of Pacific Northwest Pipeline Corporation for the exchange of shares of the Common Stock of the Company for shares of the Common Stock of Pacific Northwest Pipeline Corporation. He stated that the adjourned session of the meeting was being held in New York City in order to give those directors who were unable to attend the initial session of the meeting held in El Paso an opportunity to participate in such deliberations and to consider the action taken by the Board. He reported that Mr. Vanston, the only director other than Mr. Bradford who was not present at the initial session of the meeting, was out of the country and accordingly unable to be present.

After consideration and discussion, the resolution adopted at the initial session of the meeting held in El Paso was affirmed by unanimous vote.

Following a general discussion of the business and affairs of the Company, as there was no further business to come before the meeting,

8128

Hearing Exhibit Number 412

EL PASO NATURAL GAS COMPANY

MEETING OF BOARD OF DIRECTORS

Held April 19, 1955

Pursuant to the foregoing Consent and Waiver of Notice, a Special Meeting of the Board of Directors of El Paso

Natural Gas Company was held at the office of the Company, Room 4706, 40 Wall Street, New York, New York, on Tuesday, April 19, 1955, at 11:45 o'clock A.M., Eastern Daylight Saving Time.

The following directors, constituting a majority of the Board and a quorum, were present:

Messrs. Howard Boyd
C. C. Cragin
A. R. Grambling
Paul Kayser
Frank A. Liddell
D. H. Tucker

The President, Mr. Kayser, called the meeting to order and acted as Chairman. In the absence of the Secretary and Assistant Secretaries of the Company, Mr. Boyd was, upon motion duly made and seconded and unanimously adopted, chosen to act as Secretary of the Meeting and, as such, kept the minutes of the meeting.

The Chairman outlined to the meeting the status of negotiations conducted with representatives of Pacific Northwest Pipeline Corporation looking toward the possible exchange of shares of Common Stock of the respective companies, and he reported on the problems which had been encountered in the course of such negotiations.

After consideration and discussion, it was unanimously resolved to decline the proposal made by the stockholders of Pacific Northwest Pipeline Corporation.

As there was no further business to come before the meeting, a resolution of adjournment was duly moved and seconded and unanimously adopted.

A true record:
s/ Howard Boyd
Secretary of the Meeting

Approved:
s/ Paul Kayser
Chairman

8129

Hearing Exhibit Number 413

EL PASO NATURAL GAS COMPANY

MEETING OF BOARD OF DIRECTORS

Held April 27, 1955

Pursuant to the foregoing Consent and Waiver of Notice, the Annual Organization Meeting of the Board of Directors of El Paso Natural Gas Company for the year 1955 was held at the office of the Company, Room 4706, 40 Wall Street, New York, New York, on Wednesday, April 27, 1955, at 10:30 o'clock A.M., Eastern Daylight Saving Time.

The following directors, constituting a majority of the Board and a quorum, were present:

Messrs. Lindsay Bradford
C. C. Cragin
Paul Kayser
H. F. Steen
D. H. Tucker
Fred T. Wagner

The President, Mr. Kayser, called the meeting to order and acted as Chairman. In the absence of the Secretary, Mr. John M. Evans, Assistant Secretary, acted as Secretary of the Meeting and, as such, kept the minutes of the meeting.

The Chairman reported that the regular Annual Meeting of the Stockholders had been held in Wilmington, Delaware the preceding day, and that at such meeting Messrs. Howard Boyd, Lindsay Bradford, C. C. Cragin, A. R. Grambling, Paul Kayser, Frank A. Liddell, C. L. Perkins, H. F. Steen, D. H. Tucker, W. J. K. Vanston and Fred T. Wagner had been re-elected directors of the Company, each to serve

until the next Annual Meeting of the Stockholders and until his successor should be duly elected and qualified.

The Chairman suggested that it was in order to proceed with the election of officers of the Company for the ensuing year. Thereupon, the following resolution was duly moved and seconded and unanimously adopted:

RESOLVED that the Board proceed to the election of a President, a Vice President and General Manager, a Vice President and General Superintendent, a Vice President and Assistant General Counsel, a Vice President and Associate General Counsel, a Vice President (in charge of contract matters), a General Counsel, a Secretary and Treasurer, a

Allen, for fifty (50) shares of this Company's Common Stock of the par value of $3 per share, and (b) a bond of indemnity, unlimited as to amount, executed by Federal Insurance Company, as Obligor, and naming this Company and the Transfer Agent and the Registrar for said Common Stock as Obligees; and

WHEREAS, application has been made for the issuance of a replacement certificate for said fifty (50) shares of Common Stock to Mrs. Marjorie Allen;

NOW, THEREFORE, BE IT RESOLVED that, on the basis of and in reliance upon the aforesaid affidavits and bond of indemnity as presented to this meeting, The Chase Manhattan Bank, Transfer Agent for the Common Stock of this Company, be and it hereby is authorized to issue and, when registered by the Registrar as hereinafter authorized, to deliver to or upon the order of Mrs. Marjorie Allen, and City Bank Farmers Trust Company, Registrar for said Common Stock, be and it hereby is authorized to register, a replacement certificate in the name of (Mrs.) Marjorie Allen for said fifty (50) shares of Common Stock, hereto-

fore represented by Certificate No. E081684, without requiring the surrender of the allegedly lost certificate hereinabove mentioned.

Particularly for the benefit of the directors who had not been present at the Special Meeting of the Board held April 19, 1955, the Chairman reviewed at length the discussions and developments which had occurred during the latter stages of the negotiations relating to the possible acquisition by the Company of the assets of or a major stock interest in Pacific Northwest Pipeline Corporation, the various alternative proposals which had been considered, and the legal obstacles and other considerations which had led to the determination by the Board of Directors of the Company at said April 19 meeting not to proceed further with such proposed acquisition in any form.

The Chairman also reported briefly to the meeting on various additions to the Company's system facilities which were under study, including the proposed enlargement of the system capacity to provide for increased deliveries of up to 450,000,000 cubic feet per day to the Company's California customers. He stated that it was the intention to take action in the relatively near future to authorize such facilities and the related applications to the Federal Power Commission, where required, but that, as certain details of the projects had not yet been settled, it was not considered appropriate to take action thereon at this meeting.

8131

Hearing Exhibit Number 414

EL PASO NATURAL GAS COMPANY

ADJOURNED MEETING OF BOARD OF DIRECTORS

Held November 8, 1956

Pursuant to the resolution of adjournment adopted at the special meeting of the Board of Directors of El Paso

Natural Gas Company as initially convened on Wednesday, November 7, 1956, an adjourned session of said meeting was held at the office of the Company, Room 4706, 40 Wall Street, New York, New York, on Thursday, November 8, 1956, at 9:30 o'clock A.M., Eastern Standard Time.

The following directors, constituting a majority of the Board and a quorum, were present:

Messrs. Howard Boyd
Lindsay Bradford
C. C. Cragin
Paul Kayser
Frank A. Liddell
C. L. Perkins
H. F. Steen
D. H. Tucker
W. J. K. Vanston

Messrs. C. L. Moore and Arnold R. LaForce were also present by request.

The President, Mr. Kayser, called the meeting to order and acted as Chairman, and the Secretary, Mr. Virgil Rittmann, acted as Secretary of the meeting and kept the minutes thereof.

The Chairman reported that the letter agreement which had been referred to at the initial session of the meeting held the preceding day, setting forth the basis, terms and conditions of the proposed exchange offer for shares of the common stock of Pacific Northwest Pipeline Corporation, was now ready for consideration by the Board. At his request, the Secretary presented copies of the proposed letter agreement, dated November 8, 1956, as prepared for execution by the Company, Pacific Northwest Pipeline Corporation and certain of the principal stockholders of the latter, and the Chairman directed that a copy of such agreement be identified by the signature of the Secretary and filed with the permanent records of the Company.

The Chairman then reviewed the principal terms and provisions of the proposed letter agreement. He pointed out, among other things, that the agreement provided for the making of an offer by the Company to the holders of all the outstanding common stock of Pacific Northwest to issue and deliver seven shares of the Special Common Stock (Common B Stock) of the Company in exchange for each eight shares of the common stock of Pacific Northwest, subject to the condition that the offer would not be consummated unless a minimum of 2,435,000 shares of Pacific Northwest common stock should be deposited for exchange thereunder, and that the Special Common Stock to be offered would have the same rights and privileges, on a share for share basis, as the Company's existing Common Stock, except that the Special Common Stock would be excluded from participation in any cash dividends paid on the Common Stock during 1957 up to $2.60 per share of the Common Stock as now constituted, and that on January 1, 1958 such Special Common Stock would automatically become Common Stock without such dividend restriction or other differentiation. He also explained that, in order for the Company to make the exchange offer as contemplated by such agreement, it would be necessary that the making of the exchange offer be approved by the holders of at least a majority of the Company's outstanding Common Stock, that the Company's Certificate of Incorporation be amended to create the necessary number of shares of Special Common Stock, and that a registration statement covering the exchange offer be filed with the Securities and Exchange Commission under the Securities Act of 1933 and become effective.

The Chairman also stated that, after careful consideration, it was the recommendation of the management of the Company that, since a special meeting of the holders of the

Company's Common stock would have to be held prior to the initiation of the exchange offer, there also be submitted to the stockholders at the same meeting a proposal to increase the authorized amount of the Common Stock (other than the Special Common Stock required for purposes of the exchange offer) from 6,500,000 to 15,000,000 shares and simultaneously to split the present Common Stock on a two-for-one basis. He pointed out that such a stock split should be advantageous to the Company and its stockholders in that it would reduce the market price per share and thereby would tend to promote a wider distribution of the Common Stock and make it more readily marketable, and that the proposed increase to 15,000,000 shares not only would provide the additional shares required for the stock split but also would make approximately 3,650,000 shares available for future issuance as might be determined by the Board of Directors, thereby affording the Company greater leeway in arranging for meeting its future financing requirements and possibly in taking advantage of favorable opportunities for acquiring properties in exchange for stock. He further noted that, if the proposed increase and split

of the Common Stock should be approved by the Board of Directors and the stockholders and consummated, the result would be that the basis of the proposed exchange offer would have to be changed to provide for the issuance of fourteen, rather than seven, shares of the Special Common Stock for each eight shares of Pacific Northwest common stock, and on that assumption it was the management's suggestion that a total of 5,300,000 shares of the Special Common Stock or Common B Stock be recommended to the stockholders for authorization. In that connection, he pointed out that, if the exchange offer on such adjusted basis should be accepted by the holders of all the outstand-

ing common stock of Pacific Northwest (including the shares thereof issuable upon the conversion of its Series B Notes), the total amount of Special Common Stock issuable under such offer would be 5,235,952 shares, and that, to the extent that the authorized shares of Special Common Stock should not be required for purposes of the exchange offer, they would become on January 1, 1958 additional shares of Common Stock available for issuance as the Board of Directors might determine.

The Chairman also suggested that it would be advisable for the Board to take action at the meeting on the declaration of a dividend on the Company's Common Stock for the final quarter of the year, particularly because it had been the practice in recent years to make the fourth-quarter dividend payable prior to Christmas, at a somewhat earlier date than in other quarters. He stated that the dividend rate on the Common Stock had been maintained at fifty cents a share per quarter for some time, but that it was the recommendation of the management, in view of the favorable trend of the Company's earnings and its prospects for the ensuing year, that the quarterly rate be increased to sixty-five cents a share. He pointed out in that connection that the provision in the letter agreement covering the proposed Pacific Northwest exchange offer that the Company's Special Common Stock would be excluded from participating in any cash dividends paid on the Common Stock during 1957 up to a maximum of $2.60 per share was based on the assumption that the 65¢ per share quarterly dividend rate (which would become 32-½¢ per quarter after giving effect to the proposed two-for-one split of the Common Stock) would be placed in effect and, in all probability, maintained throughout 1957.

After extended consideration and discussion of the proposed exchange offer, the terms and provisions of the letter agreement which had been presented to the meeting and the other proposals submitted to the meeting of the Presi-

dent as outlined above, the following resolutions were duly moved and seconded and unanimously adopted:

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RESOLVED that the President or any Vice President of this Company be and hereby is authorized and directed to execute and deliver, in the name and on behalf of this Company, a Letter Agreement, dated November 8, 1956, constituting an agreement among this Company, Pacific Northwest Pipeline Corporation, and certain stockholders of said Pacific Northwest Pipeline Corporation, to wit, Ray C. Fish, C. R. Williams, S. F. Silloway, Robert R. Herring, N. V. Kinsey, Clyde H. Alexander, Alfred C. Glassell, Jr., Leon M. Payne, Franz Schneider and Charles K. Schwartz, containing, among other things, an offer under certain terms and conditions to exchange shares of Special Common Stock of this Company for a minimum of 2,435,000 shares of the Common Stock of said Pacific Northwest Pipeline Corporation, on the basis of seven (7) shares of said Special Common Stock of this Company for each eight (8) shares of Common Stock of said Pacific Northwest Pipeline Corporation, such offer to exchange to be made before January 15, 1957, or such extension thereof as provided for in said Agreement, and to continue for a period of not less than thirty (30) days and for such extended period, if any, as provided for in said Agreement, such offer to be subject, among other things, to the approval of the holders of the Common Stock of this Company; and such Agreement to be in substantially the form which has been presented to this meeting and is hereby approved subject to such changes therein, if any, as the President or Vice President executing the same on behalf of this Company shall approve, which approval shall be conclusively evidenced by his execution thereof.

RESOLVED that the Board of Directors of this Company

hereby proposes and declares advisable, and hereby recommends to the stockholders the authorization and approval of, the further amendment of this Company's Certificate of Incorporation, as heretofore amended, so as to (a) increase the authorized capital stock of this Company by increasing the authorized number of shares of its Common Stock of the par value of $3 per share from 6,500,000 to 15,000,000 and (b) simultaneously with such increase, change each of the issued and outstanding shares of this Company's Common Stock of the par value of $3 per share (including any shares which may then be held in the treasury of this Company) into two shares of Common Stock of the par value of $3 per share, and in connection with such change to transfer from this Company's account entitled "Premium on Common Stock" to its Common Stock capital account an amount equal to the aggregate par value of the additional shares of Common Stock of the

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par value of $3 per share issued as a result of said two-for-one change in issued and outstanding shares of Common Stock; said increase in authorized capital stock to be effected by appropriately changing the statements respecting the authorized number of shares of Common Stock of the par value of $3 per share and the authorized total number of shares of all classes of stock contained in the first paragraph of Article Fourth of said Certificate of Incorporation as heretofore amended and said two-for-one change in issued and outstanding shares of Common Stock to be effected by making appropriate provision therefor in the Certificate of Amendment of this Company's Certificate of Incorporation to be filed and recorded setting forth the aforesaid amendment; and said increase in authorized capital stock and change of Common Stock to be effective at the close of business on the day on which such Certificate of Amendment shall be filed and recorded as

required by the General Corporation Law of the State of Delaware.

RESOLVED that the Board of Directors of this Company hereby proposes and declares advisable, and hereby recommends to the stockholders the authorization and approval of, the further amendment of this Company's Certificate of Incorporation, as heretofore amended and as to be amended as provided in the next preceding resolution, so as to increase the authorized capital stock of this Company by increasing the authorized number of shares of its Common Stock of the par value of $3 per share by 5,300,000 additional shares (making the total authorized number of shares of such Common Stock, including the increase therein provided for in the next preceding resolution, 20,300,000 shares), such 5,300,000 additional shares to be designated as Common B Stock until January 1, 1958 and to be excluded from participating in any cash dividends paid on the Common Stock during 1957 in an aggregate amount up to but not exceeding $2.60 per share on the present Common Stock of this Company (or an appropriate proportional adjusted amount per share in case of any stock split-up, stock dividends, readjustment or reclassification of the Common Stock occurring subsequent to December 20, 1956), but to be identical with and entitled to all the rights of the Common Stock on a share for share basis in all other respects, and such Common B Stock to become and be on January 1, 1958, automatically and without any action by this Company or the holders of any such Common B Stock theretofore issued, Common Stock without such dividend restriction and without such special designation; such amendment to be effected (a) by appropriately changing the statements respecting the authorized number of shares of the Common Stock and

the authorized total number of shares of all classes of stock contained in the first paragraph of Article Fourth of said Certificate of Incorporation as heretofore amended, so that said first paragraph of said Article Fourth, giving effect also to the increases in authorized stock provided for in such next preceding resolution, shall read substantially as follows:

"FOURTH: The total number of shares of all classes of stock which this corporation shall have authority to issue is 21,772,288 shares, of which (a) 1,000,000 shares shall be Preferred Stock, issuable in series, of the par value of $100 per share (hereinafter called the 'Preferred Stock'), (b) 472,288 shares shall be Second Preferred Stock issuable in series, without par value (hereinafter called the 'Second Preferred Stock'), and (c) 20,300,000 shares shall be Common Stock of the par value of $3 per share (hereinafter called the 'Common Stock')."

and (b) by adding to subdivision 1 of Division C of Article Fourth of said Certificate of Incorporation, as heretofore amended, a new paragraph (A) reading substantially as follows:

"(A) Provided that 5,300,000 shares of said Common Stock shall be designated as Common B Stock until January 1, 1958, and shall not be entitled to participate in any cash dividends paid on the Common Stock during the year 1957 in an aggregate amount up to but not exceeding $2.60 per share (or an appropriate proportional adjusted amount per share in case of any stock split-up, stock dividends, readjustment or reclassification of the Common Stock occurring subsequent to December 20, 1956) but shall be identical with and entitled to all the rights of the Common

Stock on a share for share basis in all other respects. As used in Divisions A, B, C and D of this Article Fourth the term 'Common Stock' shall be deemed to refer both to Common Stock and Common B Stock so long as shares of the latter retain such designation. The foregoing restriction upon the payment of dividends on the Common B Stock shall terminate on January 1, 1958 whereupon such shares shall, automatically and without any action by this corporation or the holders of any Common B Stock theretofore issued, become and be Common Stock without such restriction and without such designation and this paragraph (A) of subdivision 1 of Division C shall cease to be a part of the Certificate of Incorporation of this corporation."

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RESOLVED that, if for any reason the amendment proposed and declared advisable in the second preceding resolution (increasing the authorized number of shares of the Common Stock from 6,500,000 to 15,000,000 and changing the issued and outstanding shares of Common Stock on a two-for-one basis) shall not be authorized and approved by the stockholders entitled to vote thereon, the Board of Directors of this Company hereby proposes and declares advisable, and hereby recommends to the stockholders the authorization and approval of, the further amendment of this Company's Certificate of Incorporation, as heretofore amended, so as to increase the authorized capital stock of this Company by increasing the authorized number of shares of its Common Stock of the par value of $3 per share by 5,300,000 shares, such 5,300,000 shares to be designated as Common B Stock until January 1, 1958 and to be excluded from participating in any cash dividends paid on the Common Stock during 1957 as provided in the next preceding resolution but to be identical with and entitled

to all the rights of the Common Stock on a share for share basis in all other respects, and such Common B Stock to become and be on January 1, 1958 automatically and without any action by this Company or the holders of any such Common B Stock theretofore issued, Common Stock without such dividend restriction and without such special designation; such amendment to be effected (a) by appropriately changing the statements respecting the authorized number of shares of the Common Stock and the authorized total number of shares of all classes of stock contained in the first paragraph of Article Fourth of said Certificate of Incorporation as heretofore amended, so that said first paragraph of said Article Fourth shall read substantially as follows:

> "FOURTH: The total number of shares of all classes of stock which this corporation shall have authority to issue is 13,272,288 shares, of which (a) 1,000,000 shares shall be Preferred Stock, issuable in series, of the par value of $100 per share (hereinafter called the 'Preferred Stock'), (b) 472,288 shares shall be Second Preferred Stock, issued in series, without par value (hereinafter called the 'Second Preferred Stock'), and (c) 11,800,000 shares shall be Common Stock of the par value of $3 per share (hereinafter called the 'Common Stock')."

and (b) by adding to subdivision 1 of Division C of Article Fourth of said Certificate of Incorporation, as heretofore amended, a new paragraph (A) reading substantially as set forth in the next preceding resolution.

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RESOLVED that the Board of Directors of this Company hereby recommends to the holders of the issued and outstanding shares of the Common Stock of this Company that they authorize and approve the acquisition by this

Company of at least 2,435,000 shares of the common stock of Pacific Northwest Pipeline Corporation through the issuance in exchange therefor of shares of Special Common Stock (Common B Stock) of this Company, as contemplated by the Letter Agreement, dated November 8, 1956, among this Company, Pacific Northwest Pipeline Corporation and certain stockholders of the latter, heretofore authorized and approved at this meeting.

RESOLVED that a Special Meeting of the holders of the Common Stock of this Company be and hereby is called to be held at No. 100 West Tenth Street, Wilmington, Delaware, on December 21, 1956 at 11:00 o'clock A.M., Eastern Standard Time, for the purpose of considering and taking action upon (a) authorizing and approving the amendments of this Company's Certificate of Incorporation, as heretofore amended, heretofore at this meeting proposed and declared advisable by the Board of Directors of this Company, and (b) authorizing and approving the acquisition by this Company of shares of the common stock of Pacific Northwest Pipeline Corporation as provided in the next preceding resolution, and (c) the transaction of such other and further business, in connection with the foregoing matters or otherwise, as may properly come before said meeting or any adjournment or adjournments thereof.

RESOLVED that November 19, 1956, at 3:30 o'clock P.M., Eastern Standard Time, be and hereby is fixed as the record date for the determination of the holders of Common Stock of this Company entitled to notice of and to vote at said Special Meeting of Stockholders and any adjournment thereof.

RESOLVED that the proper officers of this Company be and hereby are authorized to prepare or cause to be prepared, with the assistance and advice of counsel for this Company,

an appropriate notice of said Special Meeting of Stockholders to be held December 21, 1956, a form of proxy for such meeting, a proxy statement and, if deemed advisable, a letter of the President of this Company with respect to the matters to be acted upon at such meeting, each in form satisfactory to the President or the Financial Vice President of this Company, to file copies of such material in preliminary form with the Securities and Exchange Commission and, after clearance of such material by said Commission, to cause one copy each of such notice, form of proxy, proxy statement and President's

letter (if any) in definitive form to be mailed as promptly as practicable, and in any event not less than ten days before the date fixed for said Special Meeting of Stockholders, to each holder of Common Stock of this Company of record on the record date fixed by the next preceding resolution; and that the proper officers of this Company be and each of them hereby is authorized to give such other and further notice and to take such other and further action as the President or any Vice President may deem necessary or desirable and proper in connection with the calling and holding of said Special Meeting of Stockholders, including the timely filing with the Securities and Exchange Commission, the New York Stock Exchange and the San Francisco Stock Exchange of copies of the proxy material for said meeting in definitive form.

RESOLVED that Paul Kayser, Arnold R. LaForce and Fred T. Wagner, and their substitutes or substitute, be and hereby are designated as the individuals to be named as attorneys and proxies for the holders of Common Stock in the form of proxy to be solicited by the management of this Company for use at said Special Meeting of Stock-

holders to be held on December 21, 1956 and any adjournment or adjournments thereof.

RESOLVED that, if the amendments to this Company's Certificate of Incorporation heretofore proposed and declared advisable at this meeting, or either such amendment without the other, shall be authorized and approved by the requisite votes or vote of the holders of this Company's Common Stock entitled to vote thereon, then an appropriate Certificate of Amendment setting forth the amendments or amendment so authorized and approved and certifying that the same have or has been duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware shall be made under the seal of this Company and signed by its President or a Vice President and by its Secretary or an Assistant Secretary and shall be acknowledged by the President or Vice President signing such certificate before an officer authorized by the laws of the State of Delaware to take acknowledgments of deeds, and such certificate, so executed and acknowledged, shall be filed in the office of the Secretary of State of the State of Delaware on or about December 27, 1956 and a copy of said certificate, certified by said Secretary of State, shall be deposited for record in the office of the Recorder of New Castle County in said State.

RESOLVED that, if and when the amendment of this Company's Certificate of Incorporation increasing the authorized

number of shares of Common Stock of the par value of $3 per share from 6,500,000 to 15,000,000 and changing each issued and outstanding share of Common Stock of the par value of $3 per share into two shares of Common Stock of the par value of $3 per share shall become effective.

(a) the stock certificates representing the shares of Common Stock of the par value of $3 per share issued and outstanding immediately prior to the effective date of such amendment shall not be required to be surrendered or exchanged and thereafter shall represent a like number of shares of the Common Stock of the par value of $3 per share resulting from said two-for-one change or split;

(b) each holder of record of a share or shares of Common Stock of the par value of $3 per share issued and outstanding immediately prior to the effective date of such amendment (including shares of such stock then held in the name of this Company as treasury stock) shall be entitled to receive, as promptly as practicable after said effective date, a certificate or certificates representing in the aggregate a like number of additional shares of the Common Stock of the par value of $3 per share resulting from said two-for-one change or split; and

(c) the proper officers of this Company be and hereby are authorized to give such instructions or authorizations to this Company's Transfer Agent and Registrar as such officers or any of them, with the advice of counsel for this Company, may deem necessary or desirable and proper in order to give effect to said two-for-one change or split of the Common Stock and to increase the authority of said Transfer Agent and Registrar, respectively, so as to cover the additional shares of Common Stock of the par value of $3 per share which will be outstanding or will be required to be reserved for issuance as a consequence of said two-for-one change or split.

RESOLVED that the proper officers of this Company be and hereby are authorized and empowered, at such time or times as

the President or any Vice President, with the advice of counsel, shall deem advisable, to apply for the listing on the New York Stock Exchange and on the San Francisco Stock Exchange (or its successor, the Pacific Coast Stock Exchange) of

(a) the additional shares of this Company's Common Stock of the par value of $3 per share which will be issued or will be required to be reserved for issuance as a consequence of the change of each issued and outstanding share of Common Stock of the par value of $3 per share into two shares of Common Stock of the par value of $3 per share, and

(b) the shares of Common B Stock of this Company issuable pursuant to the proposed exchange offer for shares of the common stock of Pacific Northwest Pipeline Corporation,

and in connection with the listing of said shares of Common B Stock to apply for the registration thereof under the Securities Exchange Act of 1934; such listing and registration in each instance to be contingent upon the approval of the related amendment to this Company's Certificate of Incorporation as proposed and declared advisable at this meeting and upon such amendment becoming effective under the laws of the State of Delaware.

The Chairman then stated that it would be in order to take action on the declaration of a dividend on the Company's Common Stock for the final quarter of 1956. At his request, the Secretary submitted to the directors present copies of a statement, prepared by the Company's Accounting Department, setting forth the amount of the Company's net earnings for the period from January 1, 1946 to November 6, 1956, both inclusive, and showing the amount of such net earnings remaining available for the

payment of dividends at November 6, 1956, after giving effect to the adjustments and deductions required under the Company's Indenture of Mortgage dated as of June 1, 1946 as supplemented and modified, and under its Trust Indentures dated as of November 1, 1949, May 1, 1950 and October 1, 1953, respectively, as supplemented and modified. The Chairman directed that a copy of such statement be identified by the signature of the Secretary and filed with the permanent records of the Company.

After consideration and discussion, the following resolutions were duly moved and seconded and unanimously adopted:

RESOLVED that a quarterly cash dividend of sixty-five cents (65¢) per share on the Common Stock of this Com-

pany be and hereby is declared out of the assets of this Company available for the payment of dividends, such dividend to be payable December 18, 1956 to holders of all outstanding shares of such Common Stock of record at the close of business on November 30, 1956, which is hereby fixed, pursuant to the By-laws, as the record date for the determination of the holders of shares of such Common Stock entitled to participate in and to receive such dividend.

RESOLVED that the proper officers of this Company be and they hereby are authorized to set aside in a special account with The Chase Manhattan Bank, as Dividend Disbursing Agent for this Company, on or before December 17, 1956, funds sufficient for the payment of said dividend on all shares of Common Stock of this Company outstanding at the close of business on November 30, 1956 (exclusive of shares of such Common Stock then standing of record in the name of this Company or beneficially owned by it and in process of transfer into its name) and to

cause checks in payment of such dividend to be prepared and mailed by said Dividend Disbursing Agent to or upon the order of the several holders of such Common Stock entitled to receive such dividend in accordance with the next preceding resolution.

The Chairman then brought up for discussion the matter of enlarging the Company's Board of Directors, in the event that the exchange offer for stock of Pacific Northwest Pipeline Corporation should be consummated, so as to bring to the Board the benefit of the experience and services of several of the executive officers and other directors of Pacific Northwest. He suggested for consideration that the Company's Board of Directors be enlarged from eleven to seventeen members, which would permit the election of the Financial Vice President of the Company and five other persons as directors of the Company. After discussion, it was decided to postpone any definite action on the matter until after the consummation of the exchange offer with Pacific Northwest.

As there was no further business to come before the meeting, a resolution of adjournment was duly moved and seconded and unanimously adopted.

A true record:
s/ VIRGIL RITTMAN
Secretary

Approved:
s/ PAUL KAYSER
Chairman

(8148)

Hearing Exhibit No. 420

8148

Filed with ... Commission
dated ... 1958

Exhibit 420
Sheet 1 of 2
Witness Simonds

El Paso Natural Gas Company
Docket No. G-13018

Apportionment of Costs to Zones - Year 1960 (Assuming Merger)

Customers	Mcf at 14.9 psia Peak	Mcf at 14.9 psia Annual	Allocations Percentages Production Dem.	Production Com.	All Other Dem.	All Other Com.	Revenues at G-12548 and G-13202 Rates	Cost of Service Per El Paso	Revenue Deficiency Per El Paso	Cost of Service Per Staff	Revenue Deficiency Per Staff	¢ Per Mcf Revenues	El Paso Costs	Staff Costs
Jurisdictional														
Zone 1	16,730	3,680,153	0.43	0.29	-	-	$ 772,833	$ 983,198	$ 210,365	$ 849,824	$ 76,991	21.00	26.72	23.09
Zone 2 Texas	83,487	11,650,139	2.14	0.93	2.15	0.93	3,277,952	4,099,403	821,451	4,756,836	1,478,884	28.14	35.19	40.83
Zone 3 New Mexico	41,309	10,680,080	1.06	0.85	1.07	0.86	3,148,125	3,232,724	84,599	3,755,161	607,036	29.48	30.27	35.16
Zone 4 Arizona	382,587	86,621,217	9.79	6.93	9.83	6.95	26,032,672	32,007,782	5,975,110	31,314,695	5,281,923	30.05	36.95	36.15
Sub Total Zones 2, 3 and 4	507,383	108,951,436	12.99	8.71	13.05	8.74	$ 32,458,749	$ 39,339,909	$ 6,881,160	$ 39,826,692	$ 7,367,743	29.78	36.11	36.55
Zone 5 California														
Excluding 470 M²of Sales	2,155,000	780,968,000	55.16	62.45	55.40	62.63	213,085,600	242,948,004	29,862,404	239,963,139	26,877,539	27.28	31.11	33.29
470 M²of Sales	235,000	76,885,795	6.02	6.14	6.04	6.17	29,518,318	40,294,681	10,776,363	25,966,006	(3,552,312)	38.39	52.41	33.77
Sub Total Zone 5	2,390,000	857,853,795	61.18	68.59	61.44	68.80	$242,603,918	$283,242,685	$40,638,767	$285,929,145	$43,325,227	28.28	33.02	33.33
Zone 6 PSW	488,470	129,773,592	12.51	10.38	12.56	10.41	44,280,242	52,595,197	8,314,955	45,454,719	1,174,477	34.12	40.53	35.03
Total Jurisdictional	3,402,783	1,100,258,906	87.11	87.97	87.05	87.95	$320,115,742	$376,160,989	$56,045,247	$372,060,180	$51,944,438	29.09	34.19	33.82
Total Non-Jurisdictional	503,667	150,370,471	12.89	12.03	12.95	12.05	43,322,472	47,491,795	4,169,323	51,592,604	8,270,132	28.81	31.58	34.31
Total Company	3,906,450	1,250,629,377	100.00	100.00	100.00	100.00	$363,438,214	$423,652,784	$60,214,570	$423,652,784	$60,214,570	29.06	33.88	33.88

FEDERAL POWER COMMISSION
Docket No. G13018
Hearing Ex. No. 420
Date Identified DEC. 15 1958
Date Admitted DEC. 16 1958

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(8149)

Exhibit _____
Sheet 2 of 2
Witness Simonds

El Paso Natural Gas Company
Docket No. G-13019

Assignment of Costs - Year 1960 (Assuming Merger)

	Total	Demand	Commodity	Notes
Gas Purchased from Pipelines				
470 MCF of Sales	$ 22,974,296	$ 5,983,498	$ 16,990,798	1/
Less: PNW Sales to El Paso	11,938,758	3,158,400	8,780,358	2/
CIG Sale to El Paso	$ 11,035,538	$ 2,825,098	$ 8,210,440	
West Coast Sale to El Paso	21,290,612	3,942,000	17,348,612	3/
Total	$ 32,326,150	$ 6,767,098	$ 25,559,052	
Balance of Production Costs	257,449,857	-	257,449,857	
Total Production Costs	$289,776,007	$ 6,767,098	$283,008,909	4/
All Other Costs	133,876,777	60,244,550	73,632,227	
Total Cost of Service	$423,652,784	$67,011,648	$356,641,136	5/

Notes: 1/ Ex. 382, Sch. 3, Sheet #1, Col. 4, Lines 1, 2 and 3.
2/ Ex. 382, Sch. 3, Sheet #1, Line 29.
3/ Item I-3, Volume No. 2, Section N, Page 16, Line 12. Cols. 3, 4 and 5 and Section P, Schedule 3, Line 1, Cols. 3, 4 and 5.
4/ Ex. 382, Schedule 3, Col. 6, Line 3.
5/ Ex. 382, Schedule 3, Col. 6, Line 25.

Hearing Exhibit No. 421

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Filed With FPC Certification dated JUL 24 1959

Exhibit 421
Sheet 1 of 2
Witness Simmons

El Paso Natural Gas Company
Docket No. G-13019

Apportionment of Costs to Sales - Year 1962 (Assuming Merger)

Customers Jurisdictional	Mcf at 14.9 psia Peak	Mcf at 14.9 psia Annual	Allocations Percentages Production Dem.	Allocations Percentages Production Com.	Allocations Percentages All Other Dem.	Allocations Percentages All Other Comm.	Revenues at G-12548 and G-13202 Rates	Cost of Service Per El Paso	Revenue Deficiency Per El Paso	Cost of Service Per Staff	Revenue Deficiency Per Staff	¢ Per Mcf Revenues	¢ Per Mcf El Paso Costs	¢ Per Mcf Staff Costs
Zone 1	17,325	3,809,780	0.41	0.29	-	- -	$ 800,054	$ 986,500	$ 186,446	$ 887,559	$ 87,505	21.00	25.89	23.30
Zone 2 Texas	91,198	12,423,065	2.15	0.93	2.16	0.93	3,141,240	4,265,415	824,175	4,069,570	1,128,330	27.70	34.33	32.90
Zone 3 New Mexico	40,342	10,947,389	0.95	0.82	0.95	0.82	3,228,040	3,150,504	(77,536)	3,643,825	415,785	29.49	28.78	33.28
Zone 4 Arizona	399,779	91,826,396	9.41	6.99	9.45	6.91	27,605,584	32,657,925	5,052,331	31,676,141	4,072,567	30.06	35.56	34.48
Sub Total Zones 2, 3 and 4	531,339	115,196,820	12.51	8.74	12.56	8.66	$ 34,274,874	$ 40,073,844	$ 5,799,150	$ 40,141,536	$ 5,866,682	29.75	34.79	34.85
Zone 5 California Excluding LTO Mcf Sales	2,155,000	754,998,000	50.72	56.64	50.93	56.81	207,891,600	231,110,154	23,218,554	261,782,186	53,890,586	27.54	30.60	32.02
LTO Mcf Sales	470,000	161,098,203	11.06	12.09	11.10	12.12	69,011,281	63,901,817	1,890,536	51,761,084	(10,250,197)	38.48	39.67	32.12
Sub Total Zone 5	2,625,000	916,096,203	61.78	68.73	62.03	68.93	$280,902,881	$295,011,951	$25,109,070	$293,543,270	$23,640,389	29.46	32.20	32.04
Zone 6 PNW	955,107	142,141,448	13.06	10.66	13.12	10.70	49,257,000	50,589,916	1,962,916	47,917,968	(1,339,032)	34.65	35.51	33.71
Total Jurisdictional	3,728,771	1,177,244,251	87.76	88.32	87.71	88.29	$354,234,809	$385,675,711	$32,357,042	$382,490,353	$28,255,544	30.09	32.84	32.49
Total Non-Jurisdictional	520,244	155,399,141	12.24	11.68	12.29	11.71	44,669,368	46,971,231	2,301,863	51,073,089	6,403,721	28.71	30.19	32.87
Total Company	4,249,015	1,332,643,392	100.00	100.00	100.00	100.00	$398,904,177	$433,565,142	$34,659,265	$433,563,442	$34,659,265	29.93	32.53	32.53

(8151)

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Exhibit _____
Sheet 2 of 2
Witness Simonds

El Paso Natural Gas Company
Docket No. G-13019

Assignment of Costs - Year 1962 (Assuming Merger)

	Total	Demand	Commodity	Notes
Gas Purchased from Pipelines				
470 MMcf Sales	$ 46,850,651	$11,249,966	$ 35,600,685	1/
Less: PNW Sales to El Paso	24,714,215	6,105,230	18,608,985	2/
CIG Sale to El Paso	$ 22,136,436	$ 5,144,736	$ 16,991,700	
West Coast Sale to El Paso	21,680,323	3,942,000	17,738,323	3/
Total	$ 43,816,759	$ 9,086,736	$ 34,730,023	
Balance of Production Costs	258,478,016	-	258,478,016	
Total Production Costs	$302,294,775	$ 9,086,736	$293,208,039	4/
All Other Costs	131,268,567	59,070,900	72,197,767	
Total Cost of Service	$433,563,442	$68,157,636	$365,405,806	5/

Notes: 1/ Ex. 28, Schedule 3, Page 1, Col. 4, Lines 1, 2 and 3.
2/ Item H-3, Sec. H-6, Page 1, Demand and Commodity Costs calculated from rate of $2.24 and 22.04¢.
3/ Item I-3, Sec. P-3, Page 1.
4/ Ex. 28, Schedule 3, Page 1, Col. 6, Line 3.
5/ Ex. 28, Schedule 3, Page 1, Col. 6, Line 25.

Hearing Exhibit No. 422

FEDERAL POWER COMMISSION
Docket No. G-13018
Hearing Ex. No. 422
Date Identified DEC 1 1961
Date Admitted DEC 1 1961

Exhibit 422
Sheet 1 of 3
Witness Simonds

PACIFIC NORTHWEST PIPELINE COMPANY - G-13018

EL PASO NATURAL GAS COMPANY - G-13019

Additional Revenues PNW Would Receive if Pipeline Rate Schedules Recovered Full Cost of Service

	1958	1959	1960	1961	1962	1963	1964	Reference
PL-1 Sales:								
Billing Demands:								
Colorado Interstate	1,410,000	1,410,000	-	-	-	-	-	Item I-3
Mt. Fuel Supply	705,000	705,000	705,000	705,000	705,000	705,000	705,000	Sched. I
								Sheet I
Total	2,115,000	2,115,000	705,000	705,000	705,000	705,000	705,000	
Annual Sales:								
Colorado Interstate	36,500,000	36,500,000	-	-	-	-	-	Item I-3
Mt. Fuel Supply	18,250,000	18,250,000	18,250,000	18,250,000	18,250,000	18,250,000	18,250,000	Sched. I
								Sheet I
Total	54,750,000	54,750,000	18,250,000	18,250,000	18,250,000	18,250,000	18,250,000	
Revenue Equal to Cost of Service								
Colorado Interstate	$13,312,490	$13,312,490	-	-	-	-	-	Attached
Mt. Fuel Supply	6,656,225	6,656,225	$6,656,225	$6,656,225	$6,656,225	$6,656,225	$6,656,225	Sheet
Total	$19,968,675	$19,968,675	$6,656,255	$6,656,225	$6,656,225	$6,656,225	$6,656,225	
Revenue as shown by PNW								
Colorado Interstate	$9,660,000	$9,660,000	-	-	-	-	-	Item I-3
Mt. Fuel Supply	4,931,000	4,931,000	$4,931,000	$4,931,000	$4,931,000	$4,931,000	$4,931,000	Sched. I
								Sheet I
Total	$14,591,000	$14,591,000	$4,931,000	$4,931,000	$4,931,000	$4,931,00	$4,931,000	
Increase in Revenues (PL-1)	$5,378,675	$5,377,675	$1,725,255	$1,725,255	$1,725,255	$1,725,255	$1,725,255	
PL-2 Sales (El Paso at Green River):								
Billing Demands:	-	-	1,426,272	1,426,272	2,852,544	2,852,544	2,852,544	As above
Annual Sales	-	-	38,885,000	39,767,000	81,475,000	85,161,000	86,995,000	As above
Revenues Equal to Cost of Service	-	-	$13,686,570	$13,686,079	$28,091,212	$28,924,985	$29,339,836	Attached Sheet
Revenues as shown by PNW	-	-	$11,999,000	$12,138,000	$24,714,000	$25,546,000	$25,961,000	As above
Increase in Revenues (PL-2)			$1,687,570	$1,688,079	$3,377,212	$3,378,985	$3,378,836	
Total Increase in Revenues (PL-1 and PL-2)	$5,378,675	$5,377,675	$3,412,825	$3,413,334	$5,102,467	$5,104,240	$5,104,091	$32,993,307
Adjustments to Company Calculated Revenues	304,090	202,700	137,183	139,632	284,589	294,471	298,357	1,660,982
Total Adjusted Increase (Pipeline Sales)	$5,174,625	$5,174,975	$3,275,642	$3,273,702	$4,817,878	$4,809,769	$4,805,734	$31,332,325
Sales to Distributing Companies								
Annual Sales	67,113,963	Item G-3			125,532,000	Item I-3, Sec. P., Sched. 2, Sheet 1		
Revenues Equal to Cost of Service	$86,636,933	Statement LJ, Schedule 2, Line 1			$48,831,112			
Revenues as shown by PNW	$82,848,466	Statement K, Schedule 1, Line 1			$44,326,000			
Deficiency	$3,788,467				$4,505,112			

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PACIFIC NORTHWEST PIPELINE CO., DOCKET NO. G-13018

Exhibit
Sheet 2 of 3
Witness Simonds

Revenues Required to Cover Cost of Service for Pipeline Customers per G-13002

Item G-3 FPC rate increase in G-13002, Statement I & J
Schedule No. 2, Sheet 1

	Cost of Service - Pipelines		
	Total	Demand	Commodity
Production	$10,012,578	$2,118,096	$7,894,482
Transmission	9,955,982	6,490,631	3,465,351
Total	$19,968,560	$8,608,727	$11,359,833
Units - Mcf		176,250	54,750,000
Unit Costs per Mcf	36.47¢	$4.07	20.75¢

Allocation of Pacific Northwest Total Cost of Service
(Seaboard Basis)

	Cost of Service		
	Total	Demand	Commodity
Gas Purchased from West Coast	$2,608,116	$860,678	$1,747,438
Balance of Production Expense	22,891,083	-	22,891,083
Total Production Expense	$25,499,199	$860,678	$24,638,521
All other costs	26,274,058	11,823,326	14,450,732
Total Cost of Service	$51,773,257	$12,684,004	$39,089,253
Peak Day Mcf		477,986	
Annual Sales - Mcf			137,005,138
Unit Costs	37.79¢	$2.21	28.53¢
Units for Pipeline service		176,250	54,750,000
Cost for Pipeline Service	$20,294,325	$4,674,150	$15,620,175
Difference	$325,765		

Exhibit ___
Sheet 3 of 3
Witness Simms

PACIFIC NORTHWEST PIPELINE CO., DOCKET NO. G-13018

Revenues Required to Cover Cost of Service of PL-2 Service to El Paso per G-16236

Item I-3 FPC certificate application in Docket No. G-16236
Exhibit P, Schedule No. 2, Sheet 1.

	Cost of Service at Green River		
	Total	Demand	Commodity
Production	$19,006,775	$4,056,805	$14,949,970
Transmission	9,084,745	5,606,433	3,478,312
Total	$28,091,520	$9,663,238	$18,428,282
Units - Mcf		237,712	81,475,000
Unit Costs per Mcf		$3.387	22.62
Revenue	$28,091,212		

Allocation of Pacific Northwest Total Cost of Service (Sunburst Basis)

	Cost of Service		
	Total	Demand	Commodity
Gas Purchased from West Coast	$21,680,323	$3,942,000	$17,738,323
Balance of Production Costs	37,179,916	-	37,179,916
Total Production Costs	$58,860,239	$3,942,000	$54,918,239
All other costs	30,368,480	13,665,816	16,702,664
Total Cost of Service	$89,228,719	$17,607,816	$71,620,903
Peak Day Mcf		850,085	
Annual Sales - Mcf			241,715,000
Unit Costs	36.91¢	$1.726	29.63¢
Units of PL-2 service		237,712	81,475,000
Revenue	$29,064,533		
Difference	$973,013		

Hearing Exhibit No. 423

Filed with Exrs. Certificate
dated NOV 20 1959

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F.P.C. Docket Nos. G-13018 and 13019
Exhibit Number: 423
Witness: J. F. Roberts
Date:

FEDERAL POWER COMMISSION
Docket No. G13018
No. 423
Date Filed DEC 2
Date Admitted OCT. 1 61959

COMPARISON OF EL PASO ALLOCATION OF COSTS TO CALIFORNIA COMPANIES FOR YEARS 1960 AND 1962 WITH AND WITHOUT MERGER

PACIFIC GAS AND ELECTRIC COMPANY

EL PASO NATURAL GAS COMPANY

Schedule No. 1
Sheet 1 of 1

COST OF SERVICE ALLOCATED TO PACIFIC GAS AND ELECTRIC COMPANY
BEFORE AND AFTER MERGER WITH PACIFIC NORTHWEST PIPELINE CORPORATION

	1960		1962	
	Cost of Service	Increase	Cost of Service	Increase
Zone Allocation Method Before Merger	$124,174,487		$115,803,770	
Zone Allocation Method After Merger	$126,082,063	$1,907,576	$117,659,143	$1,855,373
System-Wide Allocation Method After Merger	$131,380,993	$5,298,930	$120,323,813	$2,664,670
Cumulative Increase		$7,206,506		$4,520,043

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EL PASO NATURAL GAS COMPANY

INCREASED COST OF SERVICE ALLOCABLE TO EXISTING
EL PASO CUSTOMERS RESULTING FROM PROPOSED MERGER WITH
PACIFIC NORTHWEST PIPELINE CORPORATION
ZONE BASIS AND SYSTEM-WIDE BASIS
YEAR 1960

Schedule No. 2
Sheet 1 of 5

	Class of Customer	Cost of Service Allocation Zone: Sheet 4 of 5 of Schedule No. 2 Of This Exhibit Before Merger (1)	Cost of Service Allocation Zone: Exhibit No. 382 After Merger (2)	Cost of Service Allocation System-Wide From Exhibit No. 382 After Merger (3)	Increase: Following Allocation Used in Exhibit No. 382 (Col. 2 - Col. 1) (4)	Increase: Using System-Wide Allocation (Col. 3 - Col. 2) (5)
	Jurisdictional					
1	Zone 1	$ 970,555	$ 983,198	$ 1,473,286	$ 12,643	$ 490,088
2	Zone 2	4,081,675	4,099,403	5,965,925	17,728	1,866,522
3	Zone 3	3,190,889	3,232,724	3,975,198	41,835	742,474
4	Zone 4	31,702,026	32,007,782	34,199,897	305,756	2,192,115
	Zone 5					
5	Southern California Companies Present Capacity Portion	115,071,438	116,865,941	121,753,627	1,794,503	4,887,686
6	470 M²cf Portion	34,829,486	40,294,681	25,895,197	5,465,195	(14,399,484)
7	Pacific Gas and Electric Co.	124,174,487	126,082,063	131,380,993	1,907,576	5,298,930
8	Total Zone 5	274,075,411	283,242,685	279,029,817	9,167,274	(4,212,868)
9	Zone 6	-	52,595,197	47,624,178	52,595,197	(4,971,019)
10	Total Jurisdictional	314,020,556	376,160,989	372,268,301	62,140,433	(3,892,688)
	Non-Jurisdictional					
11	Zone 1	2,450,127	2,500,980	2,500,980	50,853	0
12	Zone 2	6,150,208	6,243,239	8,584,449	93,031	2,341,210
13	Zone 3	1,411,756	1,435,287	1,743,338	23,531	308,051
14	Zone 4	20,328,116	20,583,535	21,911,680	255,419	1,328,145
15	Zone 5	10,531,035	10,683,005	11,140,748	151,970	457,743
16	Zone 6	-	6,045,749	5,503,288	6,045,749	(542,461)
17	Total Non-Jurisdictional	40,871,242	47,491,795	51,384,483	6,620,553	3,892,688
18	Total System	$354,891,798	$423,652,784	$423,652,784	$68,760,986	$ 0

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EL PASO NATURAL GAS COMPANY

Schedule No. 2
Sheet 2 of 5

ADJUSTMENT TO COST OF SERVICE BY ZONES - EXHIBIT NO. 382
TO REFLECT SYSTEM-WIDE ALLOCATION
YEAR 1960

	Class of Customer	Mcf at 14.9 PSIA		Cost of Service				
				Production		Transmission and Storage		
		Peak	Volume	Demand @ $21.32868410 Per Peak Mcf	Commodity @ $0.1650821360 Per Mcf Volume	Demand @ $21.32399615 Per Peak Mcf	Commodity @ $0.0413515362 Per Mcf Volume	Total
		(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Jurisdictional							
1	Zone 1	16,730	3,680,153	$ 356,829	$ 607,527	$ 356,750	$ 152,180	$ 1,473,286
2	Zone 2	83,487	11,650,139	1,780,668	1,923,230	1,780,276	481,751	5,965,925
3	Zone 3	41,509	10,680,080	885,332	1,763,090	885,138	441,638	3,975,198
4	Zone 4	382,587	86,621,217	8,160,077	14,299,616	8,158,284	3,581,920	34,199,897
	Zone 5							
	Southern California Companies							
5	Present Capacity Portion	1,030,000	376,980,000	21,968,545	62,232,664	21,963,716	15,588,702	121,753,627
6	470 M²cf Portion	235,000	76,885,795	5,012,241	12,692,471	5,011,139	3,179,346	25,895,197
7	Pacific Gas and Electric Company	1,125,000	403,988,000	23,994,770	66,691,202	23,989,496	16,705,525	131,380,993
8	Total Zone 5	2,390,000	857,853,795	50,975,556	141,616,337	50,964,351	35,473,573	279,029,817
9	Zone 6	488,470	129,773,522	10,418,422	21,423,290	10,416,132	5,366,334	47,624,178
10	Total Jurisdictional	3,402,783	1,100,258,906	72,576,884	181,633,090	72,560,931	45,497,390	372,269,301
	Non-Jurisdictional							
11	Zone 1	32,120	11,000,000	685,077	1,815,903		-	2,500,980
12	Zone 2	88,374	23,324,978	1,884,901	3,850,537	1,884,487	964,524	8,584,449
13	Zone 3	15,766	5,187,508	336,268	856,365	336,194	214,511	1,743,338
14	Zone 4	217,128	61,281,606	4,631,055	10,116,499	4,630,037	2,534,089	21,911,680
15	Zone 5	100,000	33,306,000	2,132,868	5,498,226	2,132,400	1,377,254	11,140,748
16	Zone 6	50,279	16,270,379	1,072,385	2,685,949	1,072,149	672,805	5,503,288
17	Total Non-Jurisdictional	503,667	150,370,471	10,742,554	24,823,479	10,055,267	5,763,183	51,384,483
18	Total System	3,906,450	1,250,629,377	$83,319,438	$206,456,569	$82,616,198	$51,260,579	$423,652,784

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EL PASO NATURAL GAS COMPANY

Schedule No. 2
Sheet 3 of 5

DERIVATION OF UNIT COST FOR SYSTEM-WIDE ALLOCATION OF COST OF SERVICE - EXHIBIT NO. 382
YEAR 1960

		Total (1)	Demand (2)	Commodity (3)
	Cost of Service			
1	Cost of Production	$289,776,007	$ 83,319,438	$ 206,456,569
	Cost of Transmission			
2	Underground Storage Cost	442,746	235,394	207,352
3	Transmission Cost	133,434,031	82,380,804	51,053,227
4	Total Cost of Transmission	133,876,777	82,616,198	51,260,579
5	Total System Cost of Service	$423,652,784	$165,935,636	$ 257,717,148

		Mcf at 14.9 PSIA	
		Peak Volume	Annual Volumes
	Peak Day Deliveries and Annual Volumes Excluding Field Sales Credited to Cost of Service		
	Deliveries from Production System		
6	Sales for Resale - Intrastate	32,120	11,000,000
	Deliveries from Transmission System		
7	Direct Sales - Non-Jurisdictional	471,547	139,370,471
8	Sales for Resale - Jurisdictional	3,402,783	1,100,258,906
9	Total Sales from Transmission	3,874,330	1,239,629,377
10	Total System	3,906,450	1,250,629,377
	Unit Costs		
11	Production Demand (Line 1 ÷ Line 10) $/Mcf	21.32868410	
12	Production Commodity (Line 1 ÷ Line 10) ¢/Mcf		16.50821360
13	Transmission Demand (Line 4 ÷ Line 9) $/Mcf	21.32399615	
14	Transmission Commodity (Line 4 ÷ Line 9) ¢/Mcf		4.13515362

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EL PASO NATURAL GAS COMPANY

Schedule No. 2
Sheet 4 of 5

ALLOCATION OF COST OF SERVICE BY SALES ZONES
YEAR 1960

	Description (1)	Mcf at 14.9 P.S.I.A. Peak Volume (2)	Mcf at 14.9 P.S.I.A. Annual Volume (3)	Zone Cost of Service Demand (4)	Zone Cost of Service Commodity (5)	Zone Cost of Service Total (6)
	Jurisdictional					
1	Zone 1	16,730	3,680,153	$ 380,506	$ 590,049	$ 970,555
2	Zone 2	83,487	11,650,139	2,142,677	1,938,998	4,081,675
3	Zone 3	41,509	10,680,080	1,304,253	1,886,636	3,190,889
4	Zone 4	382,587	86,621,217	15,006,389	16,695,637	31,702,026
	Zone 5					
	Southern California Companies					
5	Present Capacity Portion	1,030,000	376,980,000	41,718,360	73,353,078	115,071,438
6	470 Mcf Portion	235,000	76,885,795	13,366,237	21,483,249	34,829,486
7	Pacific Gas and Electric Company	1,125,000	403,988,000	45,566,170	78,608,317	124,174,487
8	Total Zone 5	2,390,000	857,853,795	100,630,767	173,444,644	274,075,411
9	Total Jurisdictional	2,914,313	970,485,384	119,464,592	194,555,964	314,020,556
	Non-Jurisdictional					
10	Zone 1	32,120	11,000,000	708,538	1,741,589	2,450,127
11	Zone 2	88,374	23,324,978	2,268,101	3,882,107	6,150,208
12	Zone 3	15,766	5,187,508	495,383	916,373	1,411,756
13	Zone 4	217,198	61,281,606	8,516,513	11,811,603	20,328,116
14	Zone 5	100,000	33,306,000	4,050,326	6,480,709	10,531,035
15	Total Non-Jurisdictional	453,388	134,100,092	16,038,861	24,832,381	40,871,242
16	Total System	3,367,701	1,104,585,476	$135,503,453	$219,388,345	$354,891,798

Method of computation used for year 1960 is the same as used by El Paso Natural Gas Company for year 1962 in Schedule No. 1, Sheet 1 of 1, Exhibit P, to Application in Docket No. G-16235.

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EL PASO NATURAL GAS COMPANY

Schedule No. 2
Sheet 5 of 5

COMPUTATION OF UNIT DEMAND AND COMMODITY COST RATES
BY ZONES BASED ON RATE BASE METHOD FOR GAS PRODUCED
YEAR 1960

	Description	Mcf at 14.9 PSIA		Zone Cost of Service			Allocation Factors		Allocation Factors	
		Peak Volume	Annual Volume	Total	Demand	Commodity	Demand (Dollars)	Commodity (Cents)	Demand (Dollars)	Commodity (Cents)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	Production Production Cost and Unit Cost	3,132,701	1,027,699,681	$231,816,404	$ 69,104,528	$162,711,876	22.0590883	15.8326288		
2	Field Sales and Unit Cost	32,120	11,000,000						22.0590883	15.8326288
3	Zone 1 - Transmission Transmission Cost	3,100,581	1,016,699,681	4,163,375	2,123,456	2,039,919	0.6848575	.2006413		
4	Sales and Cumulative Unit Cost	16,730	3,680,153						22.7439458	16.0332701
5	Zone 2 - Transmission Transmission Cost and Storage Cost	3,083,851	1,013,019,528	15,189,866	9,007,483	6,182,383	2.9208554	.6102926		
6	Sales and Cumulative Unit Cost	171,861	34,975,117						25.6648012	16.6435627
7	Zone 3 - Transmission Transmission Cost	2,911,990	978,044,411	26,752,033	16,761,924	9,990,109	5.7561750	1.0214372		
8	Sales and Cumulative Unit Cost	57,275	15,867,588						31.4209762	17.6649999
9	Zone 4 - Transmission Transmission Cost	2,854,715	962,176,823	37,758,244	22,273,887	15,484,357	7.8024906	1.6093047		
10	Sales and Cumulative Unit Cost	599,715	147,902,823						39.2234668	19.2743046
11	Zone 5 - Transmission Transmission Cost	2,255,000	814,274,000	4,382,390	2,885,938	1,496,452	1.2797951	0.1837775		
12	Sales and Cumulative Unit Cost	2,255,000	814,274,000						40.5032619	19.4580821
13	Total Cost Excluding Proposed 470 M²cf Facilities			320,062,312	122,157,216	197,905,096				
14	Proposed 470 M²cf Facilities (Assigned Direct to California)	235,000	76,885,795	34,829,486	13,346,237	21,483,249				
15	Total Cost of Service			$354,891,798	$135,503,453	$219,388,345				

Method of computation used for Year 1960 is the same as used by El Paso Natural Gas Company for Year 1962, Schedule No. 2, Sheet 1 of 1, Exhibit P to Application in Docket No. G-16235.

EL PASO NATURAL GAS COMPANY

Schedule No. 3
Sheet 1 of 3

INCREASED COST OF SERVICE ALLOCABLE TO EXISTING EL PASO CUSTOMERS
RESULTING FROM PROPOSED MERGER WITH PACIFIC NORTHWEST PIPELINE CORPORATION
ZONE BASIS AND SYSTEM-WIDE BASIS
YEAR 1962

	Class of Customer	Cost of Service Allocation			Increase	
		[illegible] Exhibit P to Application in Docket No. G-16235 Before Merger (2)	Exhibit No.28 After Merger (2)	From Exhibit No.28 After Merger (3)	Following Allocation Used in Exhibit No.28 (Col.2-Col.1) (4)	Using System-wide Allocation (Col.3-Col.2) (5)
	Jurisdictional					
1	Zone 1	$ 975,502	$ 986,500	$ 1,446,186	$ 11,298	$ 459,686
2	Zone 2	4,270,982	4,265,415	6,081,507	(5,547)	1,816,092
3	Zone 3	3,186,432	3,150,504	3,784,836	43,972	634,332
4	Zone 4	32,363,866	32,457,925	34,156,536	294,059	1,698,611
	Zone 5					
	Southern California Companies					
5	Present Capacity Portion	111,505,979	113,450,991	115,963,687	1,945,012	2,512,636
6	470 MMcf Portion	59,912,430	63,901,817	50,818,432	3,989,387	(13,083,385)
7	Pacific Gas and Electric Company	115,803,770	117,659,343	120,323,813	1,855,573	2,664,670
8	Total Zone 5	287,222,179	295,011,951	287,105,872	7,789,772	(7,906,079)
9	Zone 6	-	50,519,916	50,264,308	50,519,916	(255,608)
10	Total Jurisdictional	327,938,761	386,592,211	382,939,245	58,653,470	(3,652,966)
	Non-Jurisdictional					
11	Zone 1	2,456,987	2,513,207	2,513,207	56,220	0
12	Zone 2	6,452,192	6,554,968	8,802,081	102,776	2,247,113
13	Zone 3	1,425,276	1,452,575	1,725,934	27,299	273,359
14	Zone 4	20,572,728	20,838,638	21,740,396	265,910	901,758
15	Zone 5	10,203,014	10,363,862	10,599,514	160,848	235,652
16	Zone 6	-	5,247,981	5,243,865	5,247,981	(4,916)
17	Total Non-Jurisdictional	41,110,197	46,971,231	50,625,197	5,861,034	3,652,966
18	Total System	$369,048,958	$433,563,442	$433,563,442	$ 64,514,504	$ 0

EL PASO NATURAL GAS COMPANY

Schedule No. 3
Sheet 2 of 3

ADJUSTMENT TO COST OF SERVICE STUDY BY ZONES - EXHIBIT NO. 28
TO REFLECT SYSTEM-WIDE ALLOCATION
YEAR 1962

	Class of Customer	Mcf at 14.9 PSIA		Cost of Service				
				Production		Transmission and Storage		
		Peak	Volume	Demand @ $20.066141939 Per Peak Mcf	Commodity @ $0.1626339911 Per Mcf Volume	Demand @ $19.287141710 Per Peak Mcf	Commodity @ $0.037802178 Per Mcf Volume	Total
		(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Jurisdictional							
1	Zone 1	17,325	3,809,780	$ 347,651	$ 620,362	$ 334,155	$ 144,018	$ 1,446,186
2	Zone 2	91,198	12,423,065	1,830,017	2,022,897	1,758,974	469,619	6,081,507
3	Zone 3	40,362	10,947,359	809,921	1,782,602	778,479	413,834	3,784,836
4	Zone 4	399,779	91,826,396	8,022,133	14,952,459	7,710,704	3,471,240	34,156,536
	Zone 5							
	Southern California Companies							
5	Present Capacity Portion	1,030,000	375,950,000	20,668,412	61,217,439	19,866,040	14,211,736	115,963,627
6	470 M-cf Portion	470,000	161,098,203	9,431,217	26,232,263	9,065,086	6,089,866	50,818,432
7	Pacific Gas and Electric Co.	1,125,000	379,048,000	22,574,722	61,721,899	21,698,344	14,328,848	120,323,813
8	Total Zone 5	2,625,000	916,096,203	52,674,351	149,171,601	50,629,470	34,630,450	287,105,872
9	Zone 6	555,107	142,141,448	11,139,010	23,145,459	10,706,580	5,373,259	50,364,308
10	Total Jurisdictional	3,728,771	1,177,244,251	74,823,083	191,695,380	71,918,362	44,502,420	382,939,245
	Non-Jurisdictional							
11	Zone 1	33,142	11,350,000	665,041	1,848,166	-	-	2,513,207
12	Zone 2	93,689	25,494,203	1,880,003	4,151,322	1,807,019	963,737	8,802,081
13	Zone 3	15,900	5,483,596	319,056	892,916	306,670	207,292	1,725,934
14	Zone 4	227,234	63,786,428	4,559,773	10,386,599	4,382,757	2,411,267	21,740,396
15	Zone 5	100,000	33,215,000	2,006,642	5,408,531	1,928,741	1,255,600	10,599,514
16	Zone 6	50,279	16,270,214	1,008,919	2,649,344	969,752	615,050	5,243,065
17	Total Non-Jurisdictional	520,244	155,599,441	10,439,434	25,336,878	9,394,939	5,452,946	50,624,197
18	Total System	4,249,015	1,332,843,692	$ 85,262,517	$217,032,258	$ 81,313,301	$ 49,955,366	$433,563,442

EL PASO NATURAL GAS COMPANY

Schedule No. 3
Sheet 3 of 3

DERIVATION OF UNIT COST FOR SYSTEM-WIDE ALLOCATION OF COST OF SERVICE - EXHIBIT NO. 28
YEAR 1962

		Total (1)	Demand (2)	Commodity (3)
	Cost of Service			
1	Cost of Production	$302,294,775	$ 85,262,517	$ 217,032,258
	Cost of Transmission			
2	Underground Storage Cost	440,599	234,302	206,297
3	Transmission Cost	130,828,068	81,078,999	49,749,069
4	Total Cost of Transmission	131,268,667	81,313,301	49,955,366
5	Total System Cost of Service	$433,563,442	$166,575,818	$ 266,987,624

	Peak Day Deliveries and Annual Volumes Excluding Field Sales Credited to Cost of Service	Mcf: at 14.9 PSIA Peak Volume	Annual Volumes
	Delivieries from Production System		
6	Sales for Resale - Intrastate	33,142	11,350,000
	Deliveries from Transmission System		
7	Direct Sales - Non-Jurisdictional	487,102	144,249,441
8	Sales for Resale - Jurisdictional	3,728,771	1,177,244,251
9	Total Sales from Transmission	4,215,873	1,321,493,692
10	Total System	4,249,015	1,332,843,692
	Unit Costs		
11	Production Demand (Line 1 ÷ Line 10) $/Mcf	20.066411939	
12	Production Commodity (Line 1 ÷ Line 10) ¢/Mcf		16.28339911
13	Transmission Demand (Line 4 ÷ Line 9) $/Mcf	19.287411710	
14	Transmission Commodity (Line 4 ÷ Line 9) ¢/Mcf		3.78021978

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Item No. Y-2

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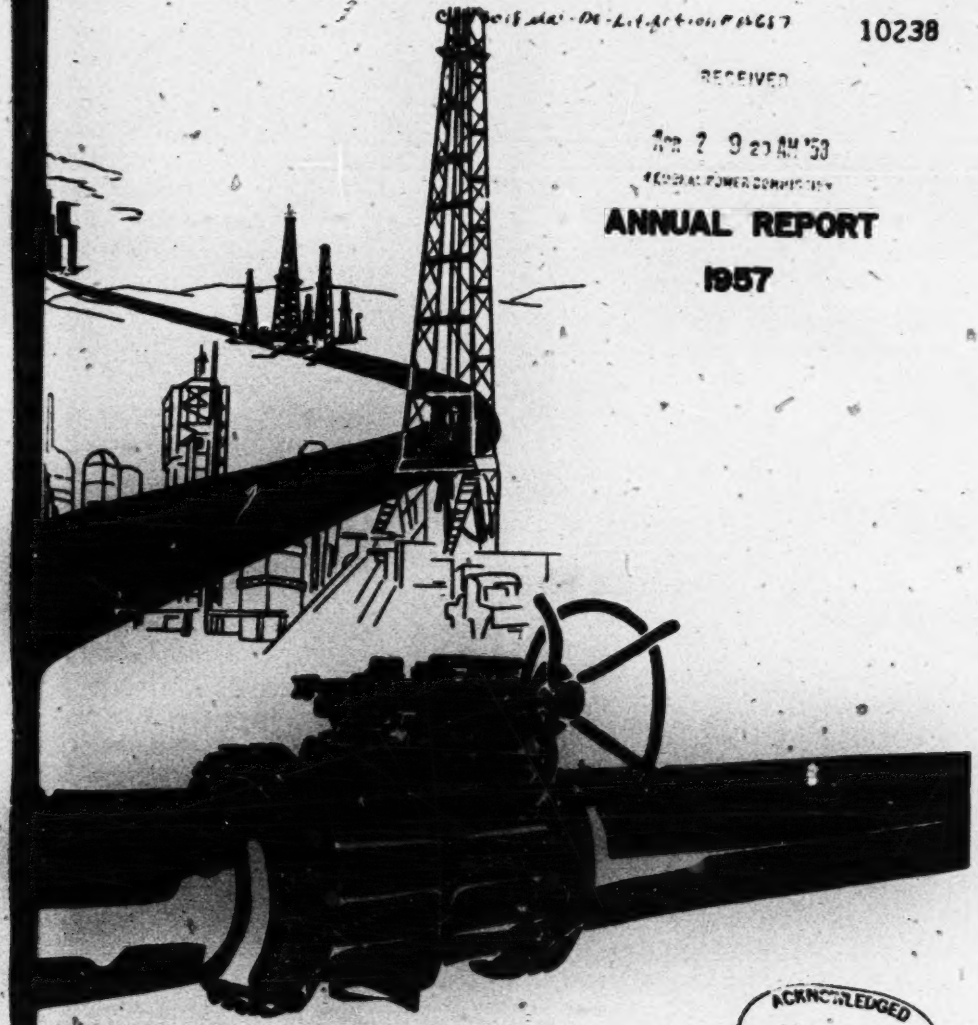
FEDERAL POWER COMMISSION

ANNUAL REPORT

1957



ACKNOWLEDGED
APR - 2 1958
SECRETARY

PACIFIC NORTHWEST PIPELINE CORPORATION

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PACIFIC NORTHWEST PIPELINE CORPORATION

DIRECTORS

Howard Boyd	A. R. Grambling	Franz Schneider
Lindsay Bradford	Paul Kayser	Stuart F. Silloway
Arthur H. Dean	Arnold R. La Force	H. F. Steen
Ray C. Fish	Frank A. Liddell	D. H. Tucker
Alfred C. Glassell, Jr.	Leon M. Payne	Fred T. Wagner

C. E. Goldsmith C. L. Perkins

MANAGEMENT

Paul Kayser	Chairman of the Board
Howard Boyd	Vice Chairman of the Board
Stuart F. Silloway	President
Arthur B. Allyne	Vice-President
Fulton W. Copp	Vice-President
Allen B. Hiatt	Vice-President
Leon M. Payne	Vice-President, Secretary & General Counsel
C. A. Watson	Treasurer
R. L. Cramer	Assistant Secretary and Assistant Treasurer
G. Scott Cuming	Assistant Secretary
Jack B. Owens	Controller

General Offices: The Company is now located in the Darling Building, Salt Lake City, Utah, and expects to move about May 1, 1958, to its new operating headquarters located at 315 East Second South Street, Salt Lake City 11, Utah.

Mailing Address: P. O. Box 1526, Salt Lake City, Utah

1957 REPORT TO THE STOCKHOLDERS

The nation's first major natural gas pipeline system with both domestic and Canadian sources of supply has successfully completed its initial year of operations and introduced natural gas service to the expanding Pacific Northwest area. Near the close of the year, Canadian gas entered the system through the facilities of Westcoast Transmission Company Limited, thus augmenting supplies needed for growing customer loads throughout the Company's entire market area.

The year 1957 was one of continued expansion following an initial construction period extending from mid-1955 to the end of 1956, during which time a total of $214,000,000 was invested in pipeline and compressor facilities, gas wells and gathering lines. Important system extensions, horsepower additions and gas well and gathering line construction went forward in 1957 under a $30,000,000 program which brought throughput capabilities to 722 million cubic feet per day as compared to 343 million cubic feet at the end of 1956.

System sales advanced sharply during the latter part of the year as new Canadian and domestic gas supplies became available and as capacity increased. As a measure of this advance a 333 million cubic foot peak day in January 1957 can be compared to a 531 million cubic foot peak day in December, 1957, and an average delivery of 471 million cubic feet per day in December, 1957. While the reception given to natural gas service has been most encouraging, it has not been possible to attach sufficient load to show profitable operations for the year as a whole. Expenses have been held to a minimum consistent with safe and efficient operations, but they are somewhat higher than was anticipated when initial rates were developed over three years ago. In addition, the realization from liquid products has been lower than originally estimated. The net loss from operations for the year amounted to $2,067,005, which has been substantially offset by the non-recurring profit of $1,700,000 arising from the sale of 50,000 shares of Westcoast Transmission Company Limited capital stock to El Paso Natural Gas Company. Pacific still holds, through a wholly-owned subsidiary, 1,077,750 shares of Westcoast stock having a market value at year end in excess of $26,000,000 and has an option, under certain conditions, to repurchase the 50,000 shares sold.

A cost of service study for 1957 showed an approximate $14,000,000 deficiency in annual revenues based upon the rates initially filed with the Federal Power Commission. After careful deliberation, this cost of service study, including five months of actual operating experience and seven months of estimated

experience for 1957, was used as a basis for an application filed with the Federal Power Commission for higher rates, principally in the industrial and pipe line category. The new rates, which became fully effective on February 5, 1958, subject to refund, represented the minimum increases necessary to assure the Company's financial integrity. While the proposed rates, based upon 1958 sales volumes, provide additional annual revenues of only $5,626,000, the Company is confident that future loads will develop a satisfactory rate of return based upon these rates.

In November 1957 the United States Court of Appeals for the District of Columbia Circuit rendered a decision (Memphis case) holding, in effect, that interstate gas pipe line companies cannot increase rates unless they first obtain the consent of those customers who would have to pay the increased rates. While the Supreme Court of the United States has agreed to review this decision, it is impossible to predict what action the Court will take. Inasmuch as the Company is not yet earning a satisfactory return under the new rates your management will exhaust every means at its disposal to assure retention of the higher rates which are absolutely essential for meeting current obligations and for financing a minimum of construction.

Special comment is due for the splendid performance of the Company's 537 regular employees who were on the payroll as of the end of the year. The long list of their accomplishments during 1957 in both construction and operations and the spirit of dedication prevailing throughout are gratefully acknowledged, and with them, the Company enters 1958 with full confidence of future growth.

Paul Kayser
Chairman of the Board

Stuart T. Hilloway
President

GAS SALES

Although 1957 was a year of limited operations, pipeline deliveries totaled 123 billion cubic feet of natural gas for an average of 337 million cubic feet per day. The principal customers who received these volumes, together with the average daily volume taken for the year and the average daily volumes taken in January and December 1957 are shown below:

Customers	Average Daily Volume (Million cubic feet) Year – 1957	Jan. 1957	Dec. 1957
Distributors –			
Cascade Natural Gas Corporation	19	14	36
Eastern Oregon Natural Gas Company	3	–	11
Intermountain Gas Company	9	1	27
Pacific Natural Gas Company	10	–	11
Portland Gas & Coke Company	53	60	82
Spokane Natural Gas Company	17	22	26
Washington Natural Gas Company	48	38	67
Not listed	2	2	5
	161	137	265
Pipe Line –			
Colorado Interstate Gas Company	97	85	109
Mountain Fuel Supply Company	39	57	50
	136	142	159
Non-jurisdictional	40	39	47
Total	337	318	471

During 1958 the Company will deliver to El Paso Natural Gas Company 50 million cubic feet per day of Canadian gas near Sumas, Washington under an exchange agreement by which the gas is made available to El Paso in the San Juan Basin. El Paso has the right to purchase an additional 50 million cubic feet per day of Canadian gas beginning January 1, 1959. Since the company has this gas available for current sale and delivery and El Paso has a market for it, application has been made to the Federal Power Commission to advance the date of such sale.

Pacific Northwest has received a favorable ruling from a Federal Power Commission Trial Examiner for the sale of an additional 100 million cubic feet per day to Colorado Interstate Gas Company for further delivery to the Chicago market area. Because of uncertainties arising from the Memphis decision and its effect on the financing plans of the companies involved in this application, it appears now that Pacific will not receive any benefit from this proposed sale during 1958. This is a source of considerable disappointment since this sale would have improved the earnings of the Company materially.

The outlook for sales to distributors in 1958 indicates modest increases overall even though it is apparent that several distributors will not have funds available for system expansion and connection of new customers in the amounts originally contemplated. Some cutbacks in industrial deliveries must be expected in view of the current dip in general industrial activity; however, it appears certain that total growth will more than offset any such reductions.

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GAS SUPPLY

In 1957 the Company's efforts toward maintaining and increasing its gas supply and current availability of gas were directed towards the acquisition, by contract, of reserves in the San Juan Basin and along the route of the line in the Rocky Mountain area. In addition, the Company drilled or was a partner in the drilling of 79 net gas wells during the year on the 298,000 leasehold acres owned by Pacific in the San Juan Basin. Construction on the Company's gathering systems continued in 1957, and 500 wells had been connected as of December 31, 1957.

The importation of Canadian gas was initiated October 3, 1957, and it is estimated that Pacific will import gas from Canada at a rate not less than 225 million cubic feet per day during 1958. The Company produced and purchased a total of 133 billion cubic feet during the year 1957, of which 25% was secured from leasehold production, 8% from Canadian imports, and 67% from domestic purchases.

Commencing June 1, 1957, El Paso Natural Gas Company has operated the Company's gathering system in the San Juan Basin and its products extraction plant and main line compressor station near Ignacio, Colorado. For this service, Pacific pays El Paso an amount equal to the latter's actual cost of operating Pacific's facilities. This arrangement avoids many duplications and will effect certain economies of operation.

Gas reserves dedicated to Pacific on December 31, 1957 aggregate 8,470 billion cubic feet, classified as follows:

	Billion Cubic Feet
San Juan Basin	
Leasehold	3,511
Contract	1,036
Northern Division (contract)	1,595
Canadian (contract)	2,328
Total	8,470

The development of production in the Big Piney area of Wyoming during 1957 has indicated that reserves under leases currently committed to Pacific have been greatly increased by evaluation of the new data obtained. Contracts for the purchase of this gas have been negotiated and will be signed early in 1958. The reserves currently dedicated to Pacific are sufficient to supply the Company's estimated requirements for a period in excess of twenty years.

PIPELINE CONSTRUCTION

By the end of 1957, pipeline delivery capacity had been increased from 343 million cubic feet to 722 million cubic feet per day, first, by the addition of Compressor Station Number 18 at Sumas, Washington, on the United States - Canadian boundary, which was necessary for the importation of Canadian gas from Westcoast Transmission Company Limited, and, second, by the completion of added horsepower at existing compressor stations and field booster stations, which was required to make deliveries to Mountain Fuel Supply Company and to step up delivery pressure and maximum day capacity to Colorado Interstate Gas Company. In addition, important sales were obtained during the year by construction of sales laterals for Moses Lake and Grotto, Washington; Kellogg, Idaho; and Slick Rock, Colorado.

FINANCING

Pacific's financing program during 1957 involved the raising of $50,000,000 of new capital comprised of $35,000,000 of 5% first mortgage bonds and $15,000,000 of equity loans from the parent company, El Paso Natural Gas Company. The sale of $2,400,000 of the 5% bond issue was deferred until 1958. Bank loans amounting to $17,000,000 were paid in November and the balance of the new funds were applied to construction.

The Company's $17,220,000 of 5-1/2% interim notes issued in 1955 were exchanged on June 1, 1957, for a like principal amount of $3.30 cumulative preferred stock. Final interest was paid on the interim notes on June 1, 1957 and regular quarterly dividends were paid on the cumulative preferred stock on September 1 and December 1.

On June 1, 1958, the Company plans to exchange its presently authorized cumulative preferred stock, $5.60 Series, for the outstanding 5.6% Series, Class A Notes, in the amount of $5,800,000. At that time it is planned to exchange one share of such stock for each $100 principal amount of Class A notes. On this basis, dividend payments on the cumulative preferred stock, Class A, $5.60 Series will be due quarterly beginning September 1, 1958.

ANTITRUST SUIT AND MERGER APPLICATION

Pursuant to an exchange offer made in January 1957 by El Paso Natural Gas Company to the stockholders of Pacific Northwest, El Paso has acquired over 99% of the outstanding common stock of Pacific. Prior to the making of the exchange offer, El Paso received an opinion from its counsel that, while the acquisition was not entirely free from doubt, it was their opinion that the proposed acquisition was not in violation of the antitrust laws presently in effect as then construed by the court.

On July 22, 1957, the United States Department of Justice filed a complaint against El Paso and Pacific in the United States District Court for the District of Utah, alleging that the acquisition by El Paso violates Section 7 of the Clayton Act, in that the effect of the acquisition may be to substantially lessen competition or tend to create a monopoly. That action is presently pending trial.

The Company believes that significant improvements in the efficiency, economy and flexibility of operations of its system, and that of El Paso, could be effected by merger. With this in mind, the Company filed a merger application with the Federal Power Commission in August 1957 with the further consideration that in this way all questions relating to the public interest connected with the merger could be examined by the Federal Power Commission. Counsel for El Paso are of the opinion that Pacific and El Paso should be enabled to merge if the Federal Power Commission acts favorably on this application, notwithstanding the action brought by the Department of Justice.

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PACIFIC NORTHWEST PIPELINE CORPORATION

AND WHOLLY-OWNED SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET

December 31, 1957

ASSETS

GAS PLANT, at original cost	$245,810,320	
Less – Reserves for depreciation, depletion and amortization	5,333,362	$240,476,958
INVESTMENTS, at cost (Note 1)		14,961,284
CURRENT ASSETS:		
Cash	$ 3,046,747	
Special construction funds on deposit with trustee –		
U. S. Government securities, at cost	15,343,130	
Cash	91,262	
Special deposits	34,013	
Accounts receivable –		
Customers	4,819,875	
Other	775,179	
Inventories, principally construction and operating material at average cost	1,574,305	
Prepayments	421,457	26,105,968
OTHER ASSET:		
Prepaid gas purchases		5,117,370
DEFERRED CHARGES:		
Unamortized debt expense	$ 1,393,869	
Capital stock expense	255,591	
Other (net)	93,704	1,743,164
		$288,404,744

(The accompanying notes are an integral part of this consolidated balance sheet.)

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10245

PACIFIC NORTHWEST PIPELINE CORPORATION

AND WHOLLY-OWNED SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET

December 31, 1957

LIABILITIES

CAPITALIZATION:		
Capital stock and surplus –		
Cumulative preferred stock without par value		
authorized 500,000 shares (Note 2) –		
$3.30 Series – 287,000 shares issued and outstanding		$ 17,220,000
Common stock, par value $1 per share (Note 3) –		
Authorized 4,000,000 shares; issued and		
outstanding 2,991,972 shares		2,991,972
Premium on common stock		25,385,424
Earned surplus		702,117
Total capital stock and surplus		$ 46,299,513
5.6% Series "A", Interim Notes due June 1, 1958 (Note 2)		5,800,000
Notes payable to associated company (Note 4)		15,000,000
Long-term debt (Note 5)		196,978,883
Total capitalization		$264,078,396
CURRENT LIABILITIES:		
Long-term debt due within one year	$ 7,490,000	
Notes payable to banks	1,445,000	
Accounts payable –		
Associated companies	3,081,015	
Other	4,278,352	
Accrued interest –		
Associated company	491,321	
Other	2,342,260	
Accrued taxes	2,744,510	
Other	982,379	22,854,837
DEFERRED CREDIT:		
Gas sales billed in advance		1,471,511
CONTINGENT LIABILITIES AND COMMITMENTS (Note 9)		
		$288,404,744

(The accompanying notes are an integral part of this consolidated balance sheet.)

(10247)

PACIFIC NORTHWEST PIPELINE CORPORATION AND WHOLLY-OWNED SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF INCOME AND EARNED SURPLUS

YEAR ENDED DECEMBER 31, 1957

OPERATING REVENUES:		
Gas sales (Note 6)	$35,000,744	
Product sales	1,955,383	
Other	123,687	$37,079,814
OPERATING REVENUE DEDUCTIONS:		
Gas purchased	$13,994,029	
Products purchased	15,566	
Landowners' and overriding royalties	2,417,849	
Operation	5,696,372	
Maintenance	479,603	
Depreciation, depletion and amortization (Note 7)	4,932,096	
Federal income tax (Note 8)	–	
Other taxes	2,363,241	29,898,756
Net operating revenues		$ 7,181,058
OTHER INCOME:		
Interest revenues and miscellaneous (net)		400,378
		$ 7,581,436
INCOME DEDUCTIONS:		
Interest	$ 9,806,526	
Amortization of debt expense	394,871	
Interest charged to construction (credit)	(552,956)	9,648,441
Net income (loss) from utility operations		$(2,067,005)
INCOME FROM NON-UTILITY OPERATIONS:		
Gain on sale of investment securities		1,700,000
Net income (loss)		$ (367,005)
ADD:		
Earned surplus, January 1, 1957 (interest capitalized on equity funds, less $411,246 interest cost not chargeable to plant construction)		1,633,116
		$ 1,266,111
DEDUCT:		
Cash dividends-cumulative preferred stock, $3.30 Series	$ 473,550	
Unamortized debt expense on 5.6% interim notes, Series "B" paid through issuance of common stock	90,444	563,994
EARNED SURPLUS, DECEMBER 31, 1957		$ 702,117

(The accompanying notes are an integral part of this consolidated statement of income and earned surplus)

PACIFIC NORTHWEST PIPELINE CORPORATION

AND WHOLLY-OWNED SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

December 31, 1957

Note 1. Investments

Investments at December 31, 1957 consisted of the following:

	Shares of Common Stock Owned	Percentage of Voting Interest	Investment at Cost
Northwest Production Corporation	6,664,000	66.6	$ 6,664,000
Westcoast Transmission Company Limited	1,077,750	18.3	5,388,750
Phillips Pacific Chemical Company Common stock	490	49.0	2,450
Subordinated demand notes receivable			2,548,000
Sundry			358,084
			$14,961,284

The shares of capital stock of Northwest Production Corporation owned by the Company were pledged under the indenture and supplements thereto securing the First Mortgage Pipe Line Bonds; 189,748 shares of the capital stock of Westcoast Transmission Company Limited, owned by Westcoast Investment Corporation, a wholly-owned subsidiary of the Company, were pledged to secure a $3,700,000 loan from El Paso Natural Gas Company. Market values based on bid prices at December 31, 1957 in the over-the-counter market in New York of the investments in Northwest Production Corporation and Westcoast Transmission Company Limited, were approximately $17,493,000 and $26,135,000, respectively.

Note 2. Preferred Stock and Interim Notes

The shares of $3.30 series cumulative preferred stock outstanding December 31, 1957 are subject to redemption, in whole or in part, at $60 per share plus accrued and unpaid dividends.

The Company has reserved 58,000 shares of its Class A, $5.60 Series cumulative preferred stock for issuance in payment of the 5.6% interim notes at their maturity on June 1, 1958. Such preferred stock, when issued, is subject to redemption, plus accrued and unpaid dividends, at $104 per share to April 1, 1959, such price declining 25¢ per share per year thereafter until it reaches $100 per share on April 1, 1974.

The sinking fund provisions of the Company's preferred stocks call for retirement of certain percentages of such stocks during specified periods commencing in 1964, in the

Note 2. Preferred Stock and Interim Notes (Cont'd.)

case of the $3.30 Series, and in 1966, in the case of $5.60 Series (when issued), at not more than $60 and $100 per share, respectively.

The interim notes outstanding December 31, 1957, are payable in cash or, at the Company's option, by the delivery of cumulative preferred stock reserved for that purpose as set forth above. The Company plans to make payment by the optional method at the due date.

Note 3. Common Stock

Approximately 99.8% of the Company's common stock is owned by El Paso Natural Gas Company. A complaint has been filed by the Department of Justice against the Company and El Paso, alleging that such acquisition violates Section 7 of the Clayton Act, in that the effect of the acquisition may be to substantially lessen competition or tend to create a monopoly. The Company has filed an application with the Federal Power Commission to merge with El Paso in order that all questions relating to the public interest may be examined by the Federal Power Commission.

On June 15, 1956, the Company granted its president an option to purchase an aggregate of 30,000 shares of the Company's common stock at a price per share of 95% of the fair market value on the date of the grant. The option price per share is $27.79 or an aggregate option price of $833,625; the market value per share at date of the grant was $29.25, or an aggregate market value of $877,500. The option becomes exercisable at the rate of 6,000 shares annually on or after June 15 of each year from 1957 to 1961. The option terminates as to any unexercised portion thereof on July 15, 1961. At February 5, 1958 no options had been exercised.

Note 4. Notes Payable to Associated Company

The 5% notes payable to El Paso Natural Gas Company in the amount of $15,000,000, due December 31, 1957, have been renewed by a non-interest bearing note due December 31, 1958. Both the original notes and the renewal note provide for repayment at the Company's option, either in cash or in shares of common stock of the Company to be issued at the rate of one share for each $30 principal amount of the notes.

Note 5. Long-Term Debt

The issues outstanding at December 31, 1957 consisted of the following:

	Total Outstanding	Less: Due Within One Year	Balance
Pacific Northwest Pipeline Corporation			
First mortgage pipe line bonds–			
4–1/4% Series due 1975	$ 93,200,000	$ –	$ 93,200,000
4–3/8% Series due 1977	35,000,000	–	35,000,000
5% Series due 1977	32,600,000	–	32,600,000

Note 5. Long-Term Debt (Cont'd.)

	Total Outstanding	Less: Due Within One Year	Balance
Notes payable to banks –			
3–1/2% due 1958–1962	$ 26,800,000	$3,350,000	$ 23,450,000
3–3/4% due 1958–1962	1,500,000	200,000	1,300,000
3–3/4% due 1959–1962	5,100,000	–	5,100,000
Other –			
3–3/4% note due 1965–1970, payable at the Company's option in its common stock having a market value at the time of delivery equal to approximately 108% of the unpaid balance	5,654,000	–	5,654,000
3–3/4% note due 1958–1962	575,000	100,000	475,000
Miscellaneous long-term debt	339,883	140,000	199,883
Westcoast Investment Corporation 5% note payable to associated company due 1958	3,700,000	3,700,000	–
	$204,468,883	$7,490,000	$196,978,883

The Company has pledged under its Mortgage and Deed of Trust, as supplemented and amended, substantially all of its natural gas supply contracts and natural gas and natural gas products sales contracts.

Note 6. Rate Matters

On August 6, 1957 the Company filed an application for higher rates with the Federal Power Commission. Certain of the increased rates became effective September 5, 1957, and yielded increased revenues of $725,631 to December 31, 1957. The remaining increased rates became effective February 5, 1958, subject to refund. The total amount of increased revenues for 1958 resulting from the higher rates is estimated at approximately $5,626,000.

Note 7. Depreciation

For the year 1957, depreciation on transmission facilities has been computed by the straight-line method at regular rates adjusted by the ratio of actual daily deliveries to the estimated average daily deliveries to be reached upon full operation of transmission facilities. Accordingly, the provision for depreciation would have been substantially greater had the system been in full operation.

Note 8. Federal Income Tax

The Company incurred substantial Federal income tax losses during 1957 and prior years due principally to the deduction permitted for tax purposes of intangible development costs, interest and taxes capitalized on the books and accelerated depreciation. The Company's return will be included in a consolidated income tax return to be filed by El Paso Natural Gas Company for the year 1957.

Note 9. Contingent Liabilities and Commitments

The Company has guaranteed the payment of principal and interest on certain bank loans, totaling $6,330,000, as follows:

Phillips Pacific Chemical Company	$5,880,000
Customer distribution companies	450,000
	$6,330,000

Pacific Northwest Realty Corporation, a wholly-owned subsidiary, expects to complete construction during 1958 of an office building in Salt Lake City, estimated to cost $2,500,000, which shall be leased by the Company when completed. The subsidiary has a commitment with an insurance company to sell to the latter First Mortgage 4–3/4% Bonds on completion of the building for the lesser of $2,500,000 or total construction cost of the building.

The Company is leasing a gathering system in New Mexico owned by Northwest Production Corporation, a subsidiary company, and is obligated to purchase such system prior to January 2, 1960 at an amount not in excess of $4,000,000.

REPORT OF INDEPENDENT

CERTIFIED PUBLIC ACCOUNTANTS

February 5, 1958

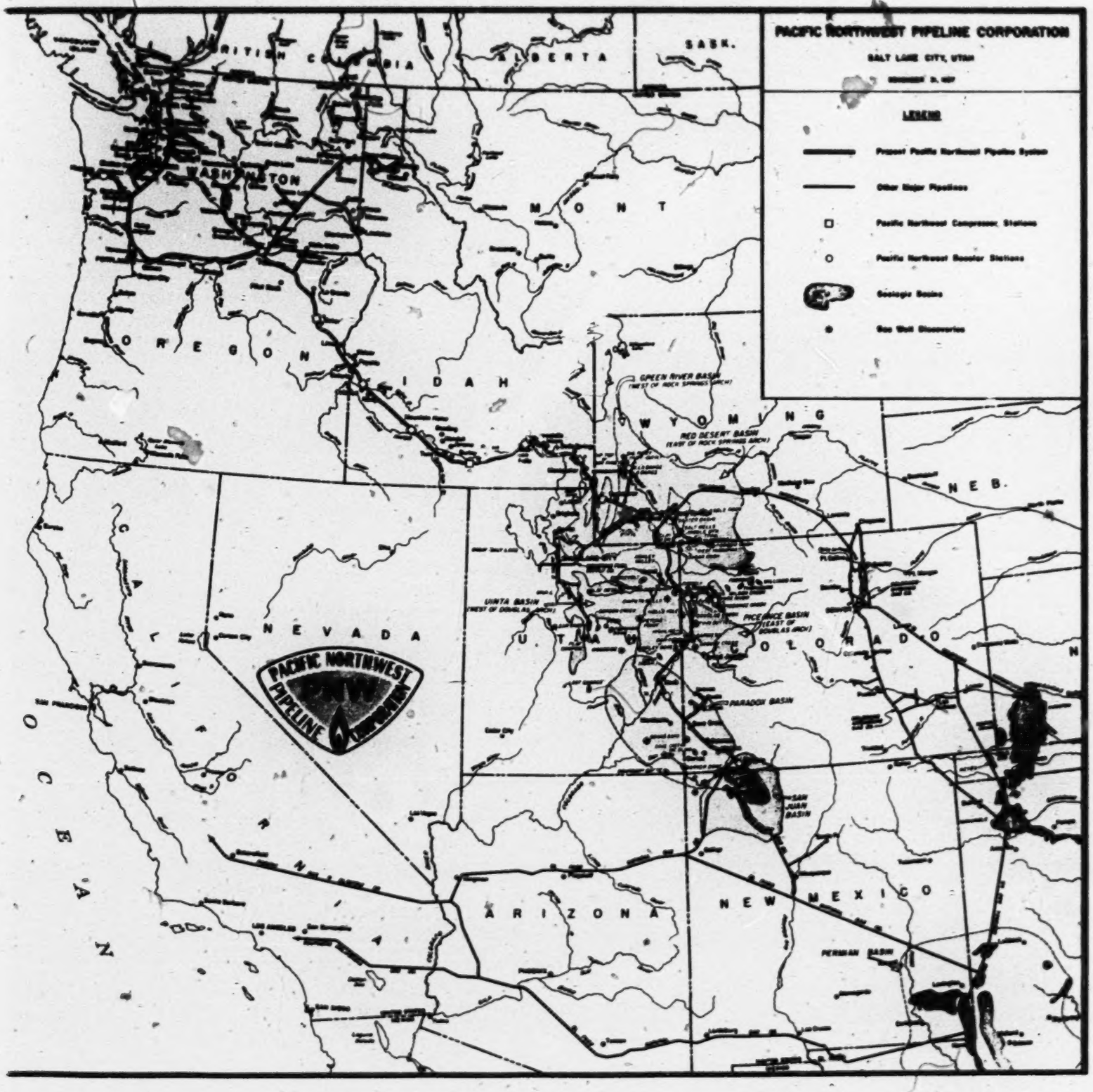
To the Board of Directors of

Pacific Northwest Pipeline Corporation:

We have examined the consolidated balance sheet of Pacific Northwest Pipeline Corporation and wholly-owned subsidiary companies, Westcoast Investment Corporation and Pacific Northwest Realty Corporation as of December 31, 1957 and the related statement of income and earned surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Subject to final determination of the Rate Matters referred to in Note 6, in our opinion, the accompanying consolidated balance sheet and statement of income and earned surplus present fairly the financial position of Pacific Northwest Pipeline Corporation and wholly-owned subsidiary companies at December 31, 1957, and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

MAIN AND COMPANY



(10252-A)

PIPELINE STATISTICS

DECEMBER 31, 1957

Main Transmission Line	1,485 Miles
Sales and Supply Laterals and Field Gathering Systems	1,387 Miles
Total System as of December 31, 1957	2,872 Miles
Operating Pressure of Main Line, – Maximum	800 pounds per square inch
Compressor Stations	15
Field Booster Stations	1
Rated Horsepower of Compressor and Booster Stations	90,780
Altitude of Compressor and Booster Stations:	
Below 3,000 Ft.	3
3,000 Ft. to 6,000 Ft.	6
Above 6,000 Ft.	7
Multiple Line River Crossings:	
Colorado River	Near Moab, Utah
Green River	3 – Between Jensen, Utah and Green River, Wyo.
	Glenns Ferry, Idaho; Payette, Idaho
Columbia River	Umatilla, Oregon, and Vancouver, Washington
Estimated Sales Capacity of Present Certificated system	722 million cubic feet per day
Throughput Capacity of Gas Processing Plant, Ignacio, Colorado	300 million cubic feet per day

TRANSFER AGENTS

Common Stock

The First National City Bank of New York
55 Wall Street
New York 15, New York

The First National Bank of Chicago
Dearborn, Monroe and Clark Streets
Chicago 90, Illinois

The Bank of the Southwest, N. A.
Bank of the Southwest Building
Houston 1, Texas

Preferred Stock

The Chase Manhattan Bank
11 Broad Street
New York 15, New York

The Northern Trust Company
50 South La Salle Street
Chicago 90, Illinois

REGISTRARS

Common Stock

The Manufacturers Trust Company
55 Broad Street
New York 15, New York

American National Bank and Trust Company of Chicago
33 North La Salle Street
Chicago 90, Illinois

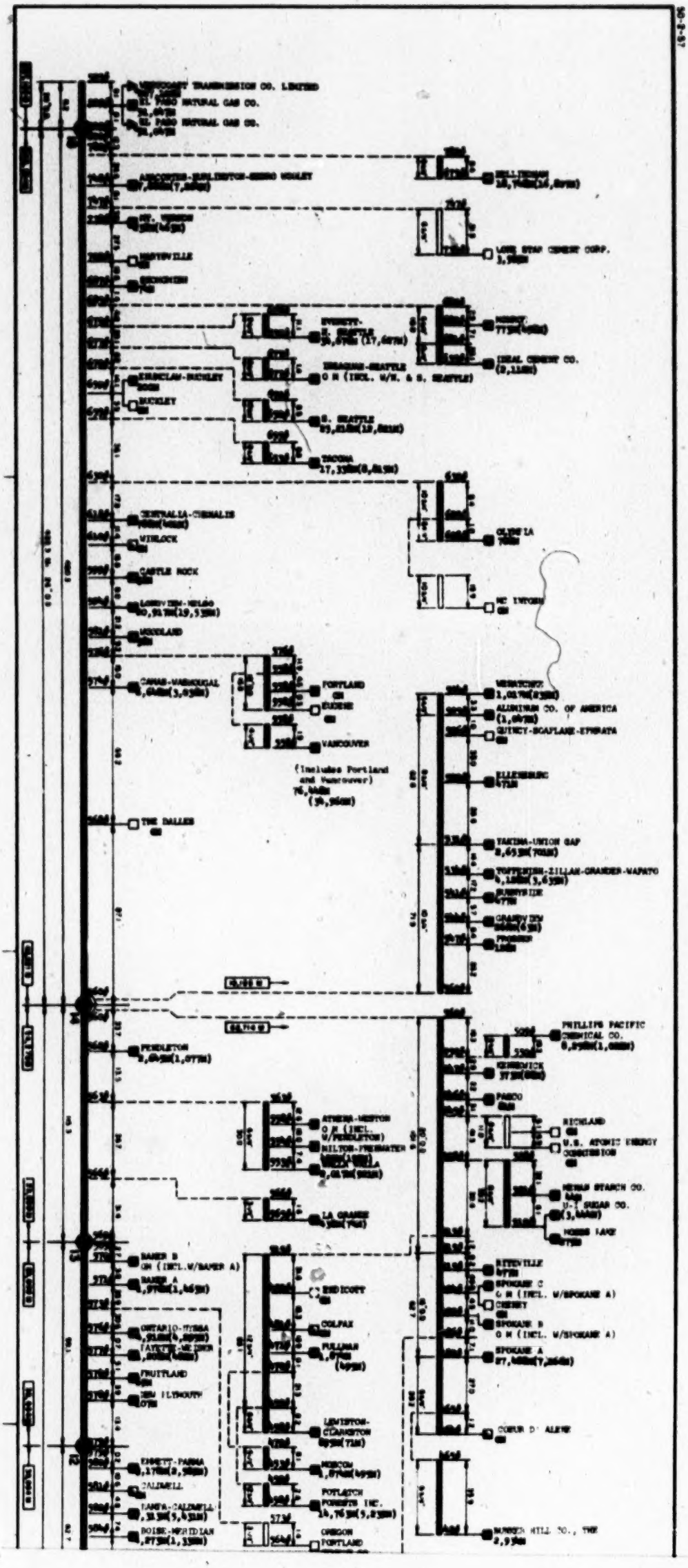
First City National Bank of Houston
921 Main Street
Houston 1, Texas

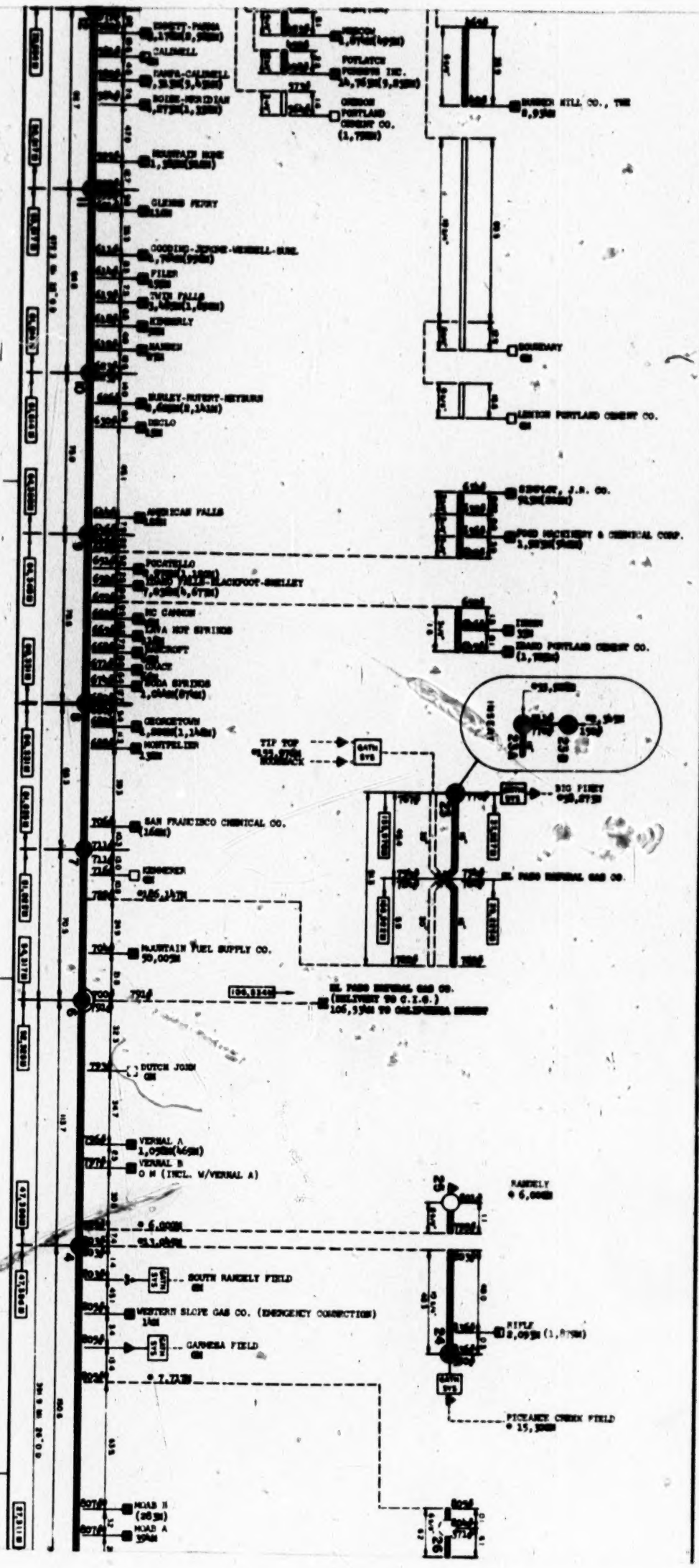
Preferred Stock

Chemical Corn Exchange Bank
165 Broadway
New York 15, New York

Chicago Title and Trust Company
111 West Washington Street
Chicago 90, Illinois

This report is submitted for the sole purpose of giving present stockholders information about the business and affairs of the company and is not a prospectus or a circular to be used in connection with the offering or sale of any stock or other securities.


NORTHWEST PIPELINE CORPORATION
EL PASO NATURAL GAS CO.
EL PASO NATURAL GAS CO.
ANACONDA-BUTTE-GREEN MONEY
MT. VERNON
MONTESANO
ELMA
LONE STAR CEMENT CORP.
EVERETT-W. SEATTLE
IMPERIAL CEMENT CO.
IMAGINE-SEATTLE O R (INCL. W/E. & S. SEATTLE)
ENUMCLAW-BUCKLEY
BUCKLEY
S. SEATTLE
TACOMA
CENTRALIA-CHEHALIS
CHEHALIS
WINLOCK
CASTLE ROCK
LONGVIEW-KELSO
KELSO
KALAMA-WASHOUGAL
PORTLAND
EUGENE
VANCOUVER
(Includes Portland and Vancouver)
OLYMPIA
MC CHORD
WENATCHEE
ALUMINUM CO. OF AMERICA
QUINCY-BOARLINE-ETHRATA
ELLENSBURG
THE DALLES
YAKIMA-UNION GAP
TOPPENISH-ZILLAH-GRANGER-MABATO
SUNNYSIDE
GRANDVIEW
PROSSER
PENDLETON
ATHENA-WESTON O R (INCL. W/PENDLETON)
MILTON-FREEWATER
LA GRANDE
BAKER B OR (INCL.W/BAKER A)
BAKER A
ONTARIO-VALE
PAYETTE-WEISER
FRUITLAND
NEW PLYMOUTH
EMMETT-PARMA
CALDWELL
NAMPA-CALDWELL
BOISE-MERIDIAN
END OF SCOTT
COLFAX
PULLMAN
LEWISTON-CLARKSTON
MOSCOW
POTLATCH FORESTS INC.
OREGON PORTLAND
PHILLIPS PACIFIC CHEMICAL CO.
KENNEWICK
PASCO
RICHLAND
U.S. ATOMIC ENERGY COMMISSION
HEMAR STARCH CO.
U-T SUGAR CO.
HORSE LAKE
RITZVILLE
SPOKANE C O R (INCL. W/SPOKANE A)
CHENEY
SPOKANE B O R (INCL. W/SPOKANE A)
SPOKANE A
COEUR D' ALENE
RAYONIER INC., THE


BARBER MILL CO., THE
BOISE-PAYETTE LUMBER CO.
BOISE-WESTERN SUGAR CO.
BOISE-HERIDIAN
BOISE-CASCADE
BOISE-CASCADE-WEISER
BOISE-CASCADE-EMMETT
BOISE-CASCADE-WEISER-EMMETT
BOISE-CASCADE-WEISER-EMMETT-PAYETTE
BOISE-CASCADE-WEISER-EMMETT-PAYETTE-CALDWELL
BOISE-CASCADE-WEISER-EMMETT-PAYETTE-CALDWELL-NAMPA
BOISE-CASCADE-WEISER-EMMETT-PAYETTE-CALDWELL-NAMPA-MOUNTAIN HOME
BOISE-CASCADE-WEISER-EMMETT-PAYETTE-CALDWELL-NAMPA-MOUNTAIN HOME-GLENNS FERRY
BOISE-CASCADE-WEISER-EMMETT-PAYETTE-CALDWELL-NAMPA-MOUNTAIN HOME-GLENNS FERRY-COOPER-JEROME-KENDALL-BURL
BOISE-CASCADE-WEISER-EMMETT-PAYETTE-CALDWELL-NAMPA-MOUNTAIN HOME-GLENNS FERRY-COOPER-JEROME-KENDALL-BURL-FILER
BOISE-CASCADE-WEISER-EMMETT-PAYETTE-CALDWELL-NAMPA-MOUNTAIN HOME-GLENNS FERRY-COOPER-JEROME-KENDALL-BURL-FILER-TWIN FALLS
BOISE-CASCADE-WEISER-EMMETT-PAYETTE-CALDWELL-NAMPA-MOUNTAIN HOME-GLENNS FERRY-COOPER-JEROME-KENDALL-BURL-FILER-TWIN FALLS-KIMBERLY
BOISE-CASCADE-WEISER-EMMETT-PAYETTE-CALDWELL-NAMPA-MOUNTAIN HOME-GLENNS FERRY-COOPER-JEROME-KENDALL-BURL-FILER-TWIN FALLS-KIMBERLY-HANSEN
BOISE-CASCADE-WEISER-EMMETT-PAYETTE-CALDWELL-NAMPA-MOUNTAIN HOME-GLENNS FERRY-COOPER-JEROME-KENDALL-BURL-FILER-TWIN FALLS-KIMBERLY-HANSEN-BURLEY-RUPERT-HEYBURN
BOISE-CASCADE-WEISER-EMMETT-PAYETTE-CALDWELL-NAMPA-MOUNTAIN HOME-GLENNS FERRY-COOPER-JEROME-KENDALL-BURL-FILER-TWIN FALLS-KIMBERLY-HANSEN-BURLEY-RUPERT-HEYBURN-DECLO
BOISE-CASCADE-WEISER-EMMETT-PAYETTE-CALDWELL-NAMPA-MOUNTAIN HOME-GLENNS FERRY-COOPER-JEROME-KENDALL-BURL-FILER-TWIN FALLS-KIMBERLY-HANSEN-BURLEY-RUPERT-HEYBURN-DECLO-AMERICAN FALLS
BOISE-CASCADE-WEISER-EMMETT-PAYETTE-CALDWELL-NAMPA-MOUNTAIN HOME-GLENNS FERRY-COOPER-JEROME-KENDALL-BURL-FILER-TWIN FALLS-KIMBERLY-HANSEN-BURLEY-RUPERT-HEYBURN-DECLO-AMERICAN FALLS-POCATELLO
BOISE-CASCADE-WEISER-EMMETT-PAYETTE-CALDWELL-NAMPA-MOUNTAIN HOME-GLENNS FERRY-COOPER-JEROME-KENDALL-BURL-FILER-TWIN FALLS-KIMBERLY-HANSEN-BURLEY-RUPERT-HEYBURN-DECLO-AMERICAN FALLS-POCATELLO-IDAHO FALLS-BLACKFOOT-SHELLEY
BOISE-CASCADE-WEISER-EMMETT-PAYETTE-CALDWELL-NAMPA-MOUNTAIN HOME-GLENNS FERRY-COOPER-JEROME-KENDALL-BURL-FILER-TWIN FALLS-KIMBERLY-HANSEN-BURLEY-RUPERT-HEYBURN-DECLO-AMERICAN FALLS-POCATELLO-IDAHO FALLS-BLACKFOOT-SHELLEY-MC CAMMON
BOISE-CASCADE-WEISER-EMMETT-PAYETTE-CALDWELL-NAMPA-MOUNTAIN HOME-GLENNS FERRY-COOPER-JEROME-KENDALL-BURL-FILER-TWIN FALLS-KIMBERLY-HANSEN-BURLEY-RUPERT-HEYBURN-DECLO-AMERICAN FALLS-POCATELLO-IDAHO FALLS-BLACKFOOT-SHELLEY-MC CAMMON-SODA HOT SPRINGS
BOISE-CASCADE-WEISER-EMMETT-PAYETTE-CALDWELL-NAMPA-MOUNTAIN HOME-GLENNS FERRY-COOPER-JEROME-KENDALL-BURL-FILER-TWIN FALLS-KIMBERLY-HANSEN-BURLEY-RUPERT-HEYBURN-DECLO-AMERICAN FALLS-POCATELLO-IDAHO FALLS-BLACKFOOT-SHELLEY-MC CAMMON-SODA HOT SPRINGS-GRACE
BOISE-CASCADE-WEISER-EMMETT-PAYETTE-CALDWELL-NAMPA-MOUNTAIN HOME-GLENNS FERRY-COOPER-JEROME-KENDALL-BURL-FILER-TWIN FALLS-KIMBERLY-HANSEN-BURLEY-RUPERT-HEYBURN-DECLO-AMERICAN FALLS-POCATELLO-IDAHO FALLS-BLACKFOOT-SHELLEY-MC CAMMON-SODA HOT SPRINGS-GRACE-SODA SPRINGS
BOISE-CASCADE-WEISER-EMMETT-PAYETTE-CALDWELL-NAMPA-MOUNTAIN HOME-GLENNS FERRY-COOPER-JEROME-KENDALL-BURL-FILER-TWIN FALLS-KIMBERLY-HANSEN-BURLEY-RUPERT-HEYBURN-DECLO-AMERICAN FALLS-POCATELLO-IDAHO FALLS-BLACKFOOT-SHELLEY-MC CAMMON-SODA HOT SPRINGS-GRACE-SODA SPRINGS-GEORGETOWN
BOISE-CASCADE-WEISER-EMMETT-PAYETTE-CALDWELL-NAMPA-MOUNTAIN HOME-GLENNS FERRY-COOPER-JEROME-KENDALL-BURL-FILER-TWIN FALLS-KIMBERLY-HANSEN-BURLEY-RUPERT-HEYBURN-DECLO-AMERICAN FALLS-POCATELLO-IDAHO FALLS-BLACKFOOT-SHELLEY-MC CAMMON-SODA HOT SPRINGS-GRACE-SODA SPRINGS-GEORGETOWN-MONTPELIER
BOISE-CASCADE-WEISER-EMMETT-PAYETTE-CALDWELL-NAMPA-MOUNTAIN HOME-GLENNS FERRY-COOPER-JEROME-KENDALL-BURL-FILER-TWIN FALLS-KIMBERLY-HANSEN-BURLEY-RUPERT-HEYBURN-DECLO-AMERICAN FALLS-POCATELLO-IDAHO FALLS-BLACKFOOT-SHELLEY-MC CAMMON-SODA HOT SPRINGS-GRACE-SODA SPRINGS-GEORGETOWN-MONTPELIER-SAN FRANCISCO CHEMICAL CO.
BOISE-CASCADE-WEISER-EMMETT-PAYETTE-CALDWELL-NAMPA-MOUNTAIN HOME-GLENNS FERRY-COOPER-JEROME-KENDALL-BURL-FILER-TWIN FALLS-KIMBERLY-HANSEN-BURLEY-RUPERT-HEYBURN-DECLO-AMERICAN FALLS-POCATELLO-IDAHO FALLS-BLACKFOOT-SHELLEY-MC CAMMON-SODA HOT SPRINGS-GRACE-SODA SPRINGS-GEORGETOWN-MONTPELIER-SAN FRANCISCO CHEMICAL CO.-KEMMERER
BOISE-CASCADE-WEISER-EMMETT-PAYETTE-CALDWELL-NAMPA-MOUNTAIN HOME-GLENNS FERRY-COOPER-JEROME-KENDALL-BURL-FILER-TWIN FALLS-KIMBERLY-HANSEN-BURLEY-RUPERT-HEYBURN-DECLO-AMERICAN FALLS-POCATELLO-IDAHO FALLS-BLACKFOOT-SHELLEY-MC CAMMON-SODA HOT SPRINGS-GRACE-SODA SPRINGS-GEORGETOWN-MONTPELIER-SAN FRANCISCO CHEMICAL CO.-KEMMERER-MOUNTAIN FUEL SUPPLY CO.
BOISE-CASCADE-WEISER-EMMETT-PAYETTE-CALDWELL-NAMPA-MOUNTAIN HOME-GLENNS FERRY-COOPER-JEROME-KENDALL-BURL-FILER-TWIN FALLS-KIMBERLY-HANSEN-BURLEY-RUPERT-HEYBURN-DECLO-AMERICAN FALLS-POCATELLO-IDAHO FALLS-BLACKFOOT-SHELLEY-MC CAMMON-SODA HOT SPRINGS-GRACE-SODA SPRINGS-GEORGETOWN-MONTPELIER-SAN FRANCISCO CHEMICAL CO.-KEMMERER-MOUNTAIN FUEL SUPPLY CO.-EL PASO NATURAL GAS CO.
DUTCH JOHN
VERNAL A
VERNAL B
SOUTH RANGELY FIELD
WESTERN SLOPE GAS CO. (EMERGENCY CONNECTION)
GARDNER FIELD
MOAB B
MOAB A
EL PASO NATURAL GAS CO.
BIG PINEY
RANGELY
PICEANCE CREEK FIELD
GREEN RIVER
FLAMING GORGE
LUCERNE
ROCK SPRINGS
KEMMERER
MOUNTAIN FUEL SUPPLY CO.
SAN FRANCISCO CHEMICAL CO.
MONTPELIER
GEORGETOWN
SODA SPRINGS
GRACE
SODA HOT SPRINGS
MC CAMMON
POCATELLO
IDAHO FALLS-BLACKFOOT-SHELLEY
AMERICAN FALLS
DECLO
BURLEY-RUPERT-HEYBURN
KIMBERLY
HANSEN
TWIN FALLS
FILER
COOPER-JEROME-KENDALL-BURL
GLENNS FERRY
MOUNTAIN HOME
BOISE-CASCADE
BOISE-WESTERN SUGAR CO.
BOISE-PAYETTE LUMBER CO.
CALDWELL
NAMPA-CALDWELL
BOISE-MERIDIAN
BARBER MILL CO., THE
BOARDMAN
IDAHO POWER CO.
POTLATCH FORESTS INC.
OREGON PORTLAND CEMENT CO.
IDAHO POWER CO.
IDAHO PORTLAND CEMENT CO.
FMC
STAUFFER CHEMICAL CO.
TIP TOP
HOMBACK
64TH STR
SOUTH
WEST
EAST
NORTH
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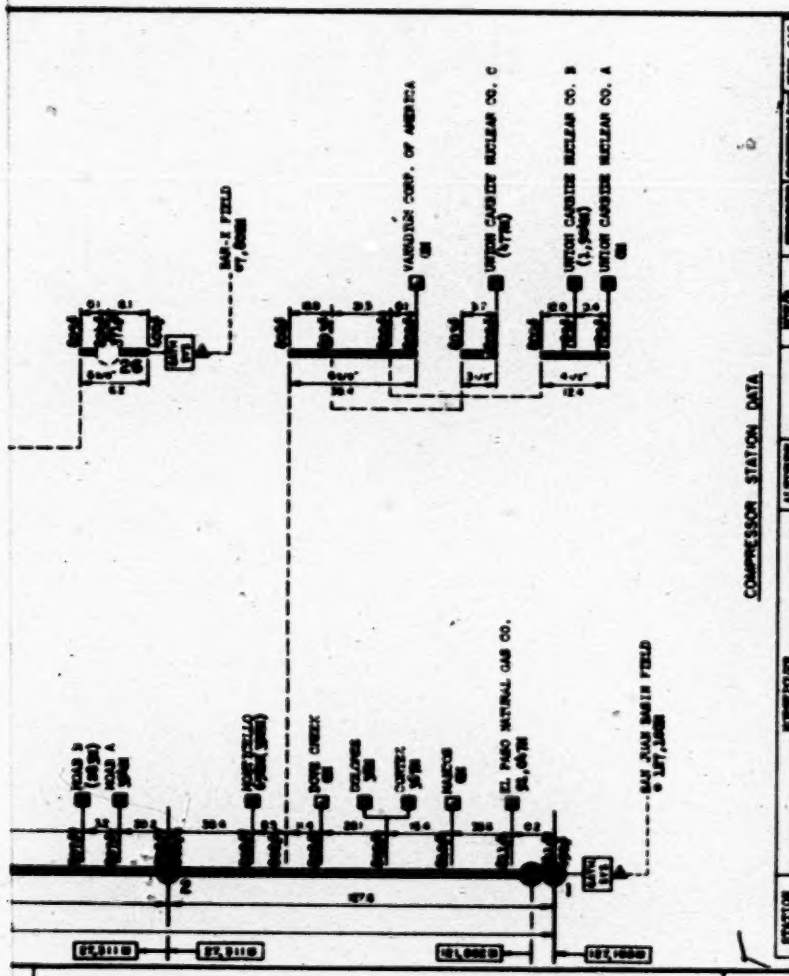
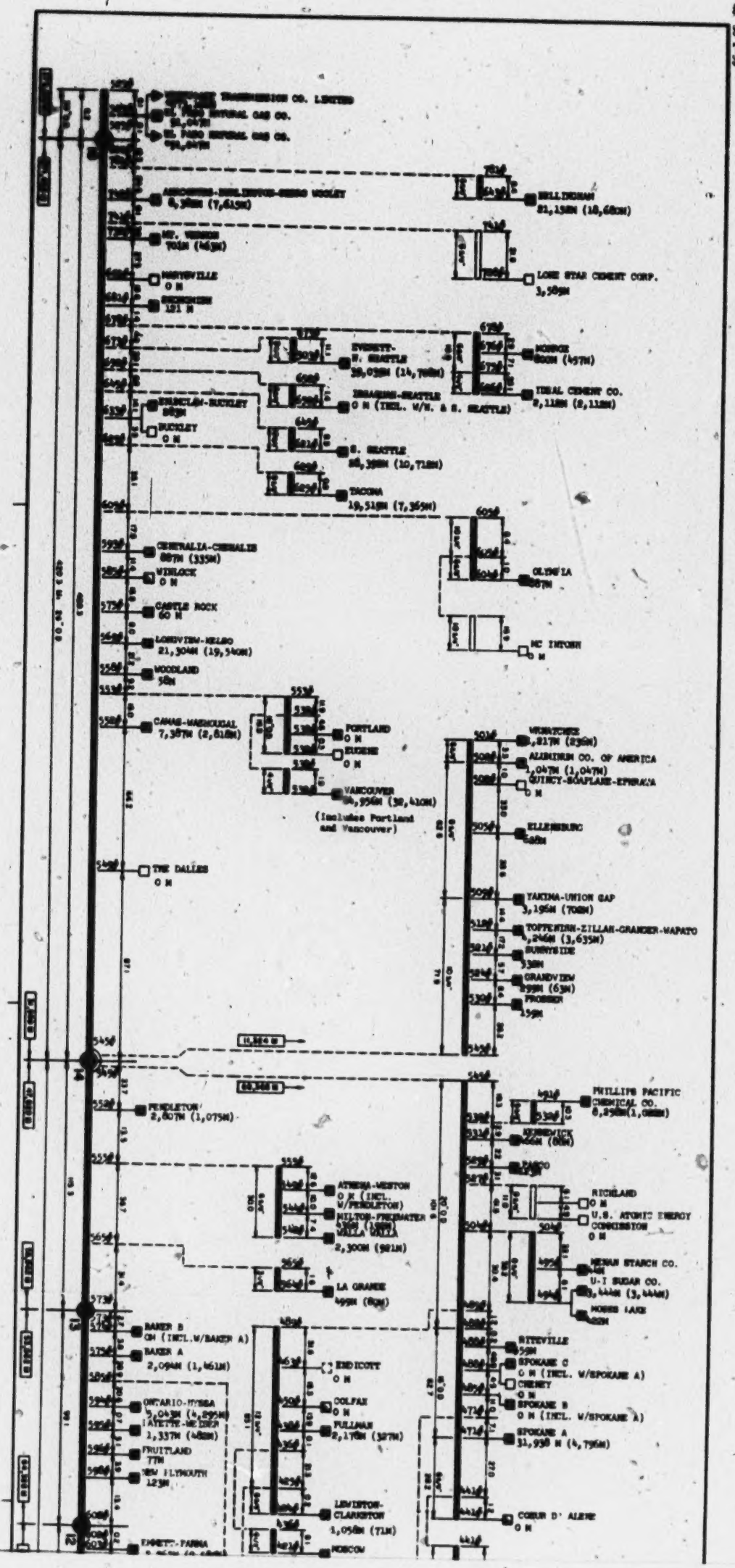
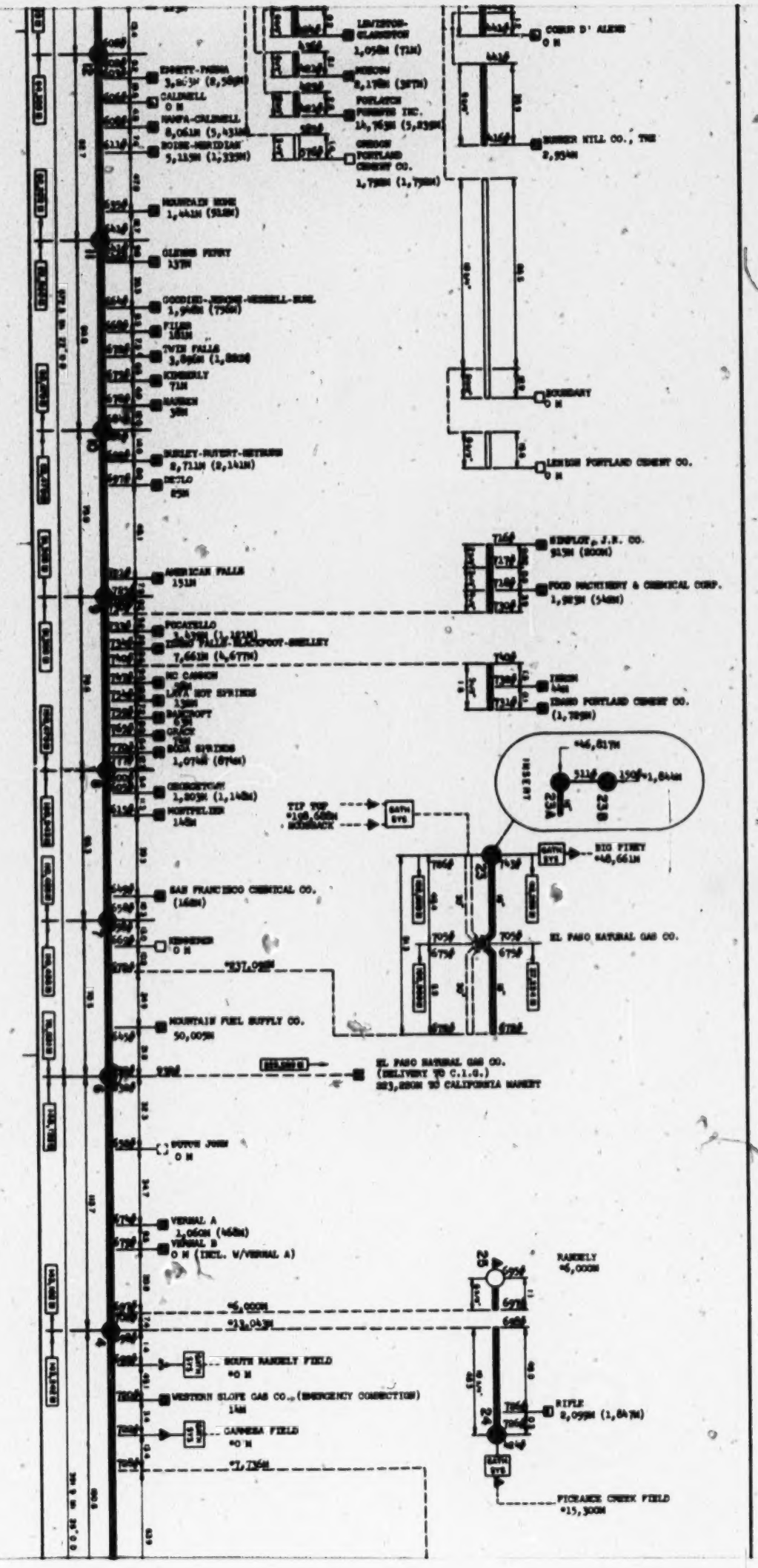


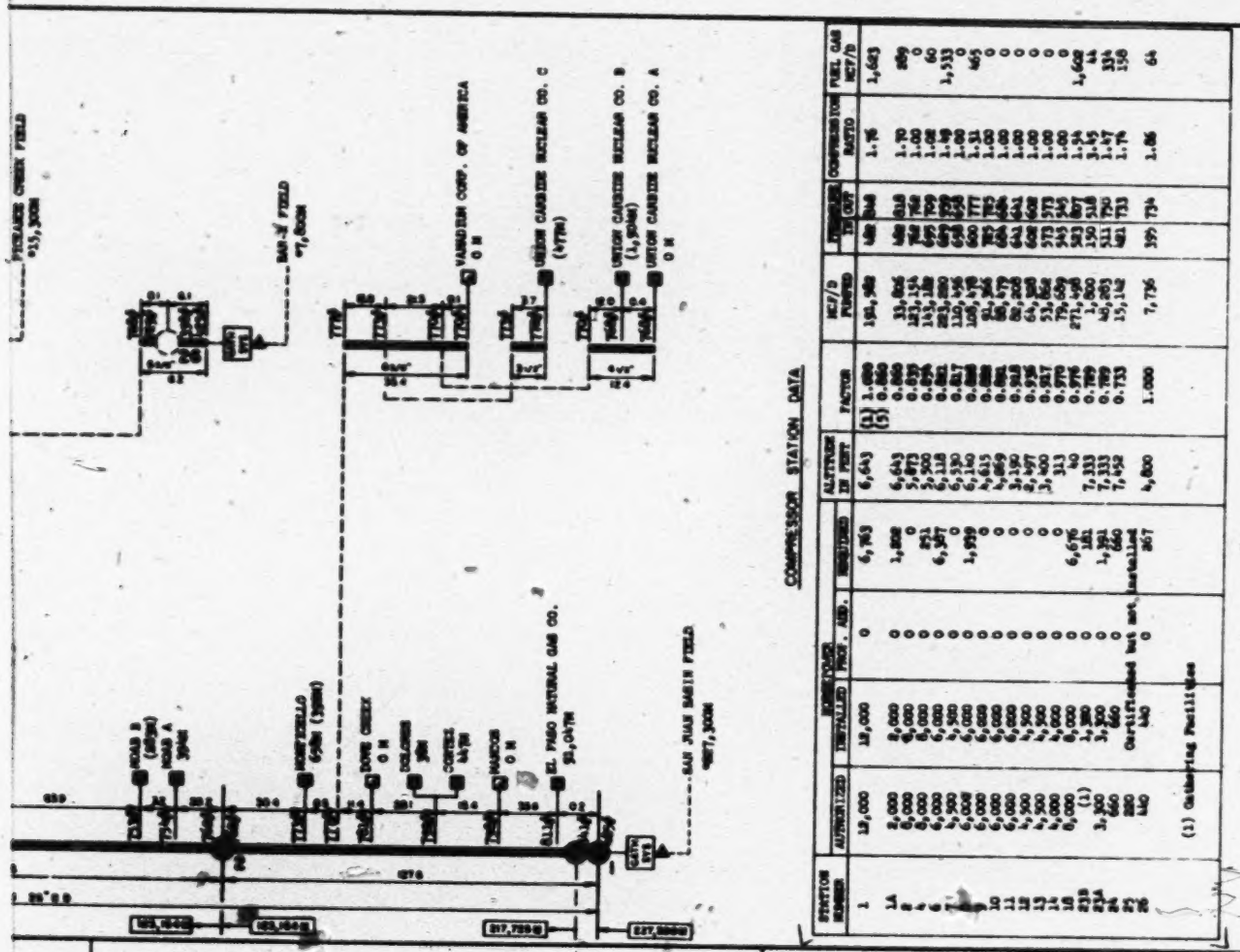
COMPRESSOR STATION DATA

STATION NUMBER	AUTHORIZED LHP	INSTALLED LHP	ADD. PROG.	RECEIVED	ALTITUDE IN FEET	FACTOR	MCF/D PUMPED	PRESSURE RATIO	FUEL GAS MCF/D
1	4,000	4,000		350	4,800	1.000	7,757	2.76	193
2	4,000	4,000		350	4,800	1.000	7,757	2.76	193
3	4,000	4,000		350	4,800	1.000	7,757	2.76	193


BELLINGHAM
21,198M (18,682M)
LONE STAR CEMENT CORP.
3,589M
EVERETT-N. SEATTLE
39,038M (14,708M)
MONROE
800M (497M)
IDEAL CEMENT CO.
2,118M (2,118M)
ISSAQUAH-SEATTLE
O M (INCL. W/N. & S. SEATTLE)
ENUMCLAW-BUCKLEY
585M
BUCKLEY
O M
S. SEATTLE
26,388M (10,718M)
TACOMA
19,518M (7,369M)
CENTRALIA-CHEHALIS
887M (335M)
OLYMPIA
887M
MC INTOSH
O M
VIRLOCK
O M
CASTLE ROCK
60 M
LONGVIEW-KELSO
21,304M (19,540M)
WOODLAND
58M
CAMAS-WASHOUGAL
7,387M (2,818M)
PORTLAND
O M
EUGENE
O M
VANCOUVER
(Includes Portland and Vancouver)
WENATCHEE
1,821M (236M)
ALUMINUM CO. OF AMERICA
1,047M (1,047M)
QUincy-Soaplake-Ephrata
O M
ELLENSBURG
58M
THE DALLES
O M
YAKIMA-UNION GAP
3,196M (708M)
TOPPENISH-ZILLAH-GRANGER-WAPATO
5,246M (3,635M)
SUNNYSIDE
538M
GRANDVIEW
999M (63M)
PROSSER
159M
PENDLETON
2,607M (1,075M)
ATHENA-WESTON
O M (INCL. W/PENDLETON)
MILTON-FREEWATER
1,300 (1,300)
WALLA WALLA
2,300M (981M)
LA GRANDE
499M (82M)
BAKER B
OM (INCL.W/BAKER A)
BAKER A
2,094M (1,461M)
ONTARIO-NYSSA
3,043M (1,899M)
ADRIAN-MEDFORD
1,337M (488M)
FRUITLAND
77M
NEW PLYMOUTH
123M
EMMETT-PARMA
ENDICOTT
O M
COLFAX
O M
PULLMAN
2,176M (387M)
LEWISTON-CLARKSTON
1,058M (71M)
MOSCOW
PHILLIPS PACIFIC CHEMICAL CO.
8,958M(1,088M)
KENNEWICK
466M (88M)
PASCO
RICHLAND
O M
U.S. ATOMIC ENERGY COMMISSION
O M
NEZPAR STARCH CO.
U-I SUGAR CO.
3,444M (3,444M)
MOSES LAKE
82M
RITZVILLE
59M
SPOKANE C
O M (INCL. W/SPOKANE A)
CHENEY
O M
SPOKANE B
O M (INCL. W/SPOKANE A)
SPOKANE A
31,938 M (4,796M)
COEUR D' ALENE
O M


LEWISTON-CLARKSTON
1,050M (72M)
MISSION
2,170M (38TM)
POTLATCH FORESTS INC.
14,765M (5,238M)
OREGON PORTLAND CEMENT CO.
1,750M (1,750M)
COEUR D' ALENE
0 M
BUNKER HILL CO., THE
2,95MM
BOUNDARY
0 M
LEHIGH PORTLAND CEMENT CO.
0 M
SIMPLOT, J.R. CO.
915M (800M)
FOOD MACHINERY & CHEMICAL CORP.
1,915M (54MM)
IDAHO PORTLAND CEMENT CO.
(1,785M)
*46,81TM
*1,84MM
BIG FINEY
*48,661M
EL PASO NATURAL GAS CO.
SAN FRANCISCO CHEMICAL CO.
(16MM)
MOUNTAIN FUEL SUPPLY CO.
50,005M
EL PASO NATURAL GAS CO.
(DELIVERY TO C.I.G.)
SOUTH JOHN
0 M
VERNAL A
1,05OM (46M)
VERNAL B
0 M (INCL. W/VERNAL A)
RANGELY
*6,000M
*13,043M
SOUTH RANGELY FIELD
*0 M
WESTERN SLOPE GAS CO., (EMERGENCY CONNECTION)
1MM
CANNEGA FIELD
*0 M
*1,736M
RIFLE
8,09SM (1,84TM)
PICEANCE CREEK FIELD
*15,300M

FPC DOCKET No G-
EXHIBIT G
PAGE OF



COMPRESSOR STATION DATA

STATION NUMBER	AUTHORIZED	INSTALLED	HORSEPOWER PROP. ABD.	HORSEPOWER RESERVED	ALTITUDE IN FEET	FACTOR	MCF/D RATED	COMPRESSION RATIO	FUEL GAS MCF/D
1	10,000	10,000	0	6,763	6,643	(1) 1.000 (2) 1.000	191,980	1.76	1,563
2	8,000	8,000	0	1,888	6,643	1.000	33,824	1.28	889
3	8,000	8,000	0	721	5,973	1.000	123,154	1.28	0
4	8,000	8,000	0	6,387	5,508	1.000	155,000	1.28	0
5	8,000	8,000	0	1,959	6,133	1.000	105,000	1.28	0
6	8,000	8,000	0	0	6,643	1.000	82,000	1.28	0
7	8,000	8,000	0	0	6,643	1.000	64,000	1.28	0
8	8,000	8,000	0	0	6,643	1.000	53,000	1.28	0
9	8,000	8,000	0	0	6,643	1.000	78,000	1.28	0
10	8,000	8,000	0	0	6,643	1.000	271,000	1.28	0
11	8,000	8,000	0	0	6,643	1.000	30,000	1.28	0
12	8,000	8,000	0	0	6,643	1.000	15,118	1.28	0
13	8,000	3,300	0	0	7,333	0.733	7,796	1.28	1,604
14	8,000	3,300	0	0	7,333	0.733	7,796	1.28	334
15	8,000	3,300	0	0	7,452	0.733	7,796	1.28	158
16	8,000	Certificated but not installed	0	867	4,800	1.000		1.28	64

(1) Gathering Facilities

LEGEND

Pipe Lines

- Constructed
- Certificated, but not constructed
- Certificate applied for

Compressor Stations (Existing and Proposed)

- Constructed
- Certificated, but not constructed
- Certificate applied for

Process Plant (Existing and Proposed)

- Constructed
- Future

Points of Connection (Existing and Proposed)

Sales

- Certificated, Installed, and In Service
- Certificated, Installed, and Not In Service
- Non-Jurisdictional Sale, In Service
- Certificated, but not Installed
- Authorization Pending
- Proposed this application

Gas Supply

- Present Connection
- Proposed Connection

Pressure, Volume, Pipe Size, and Distance Symbols

- 746 # — Pounds per square inch absolute
- 330 M — Volume in thousand standard cubic feet per day
- 10 3/4" — Outside diameter of pipe in inches
- 47½ — Pipe length in miles

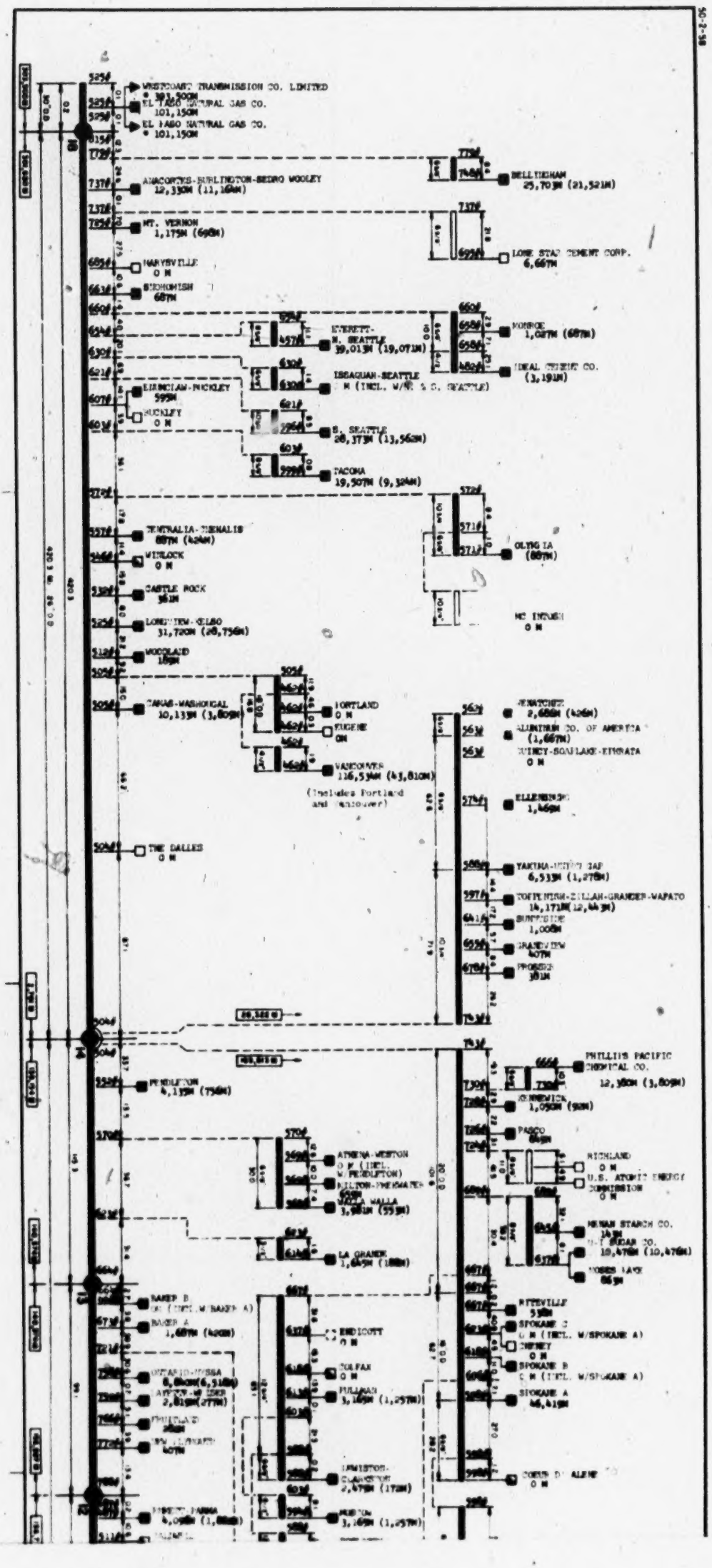
NOTES

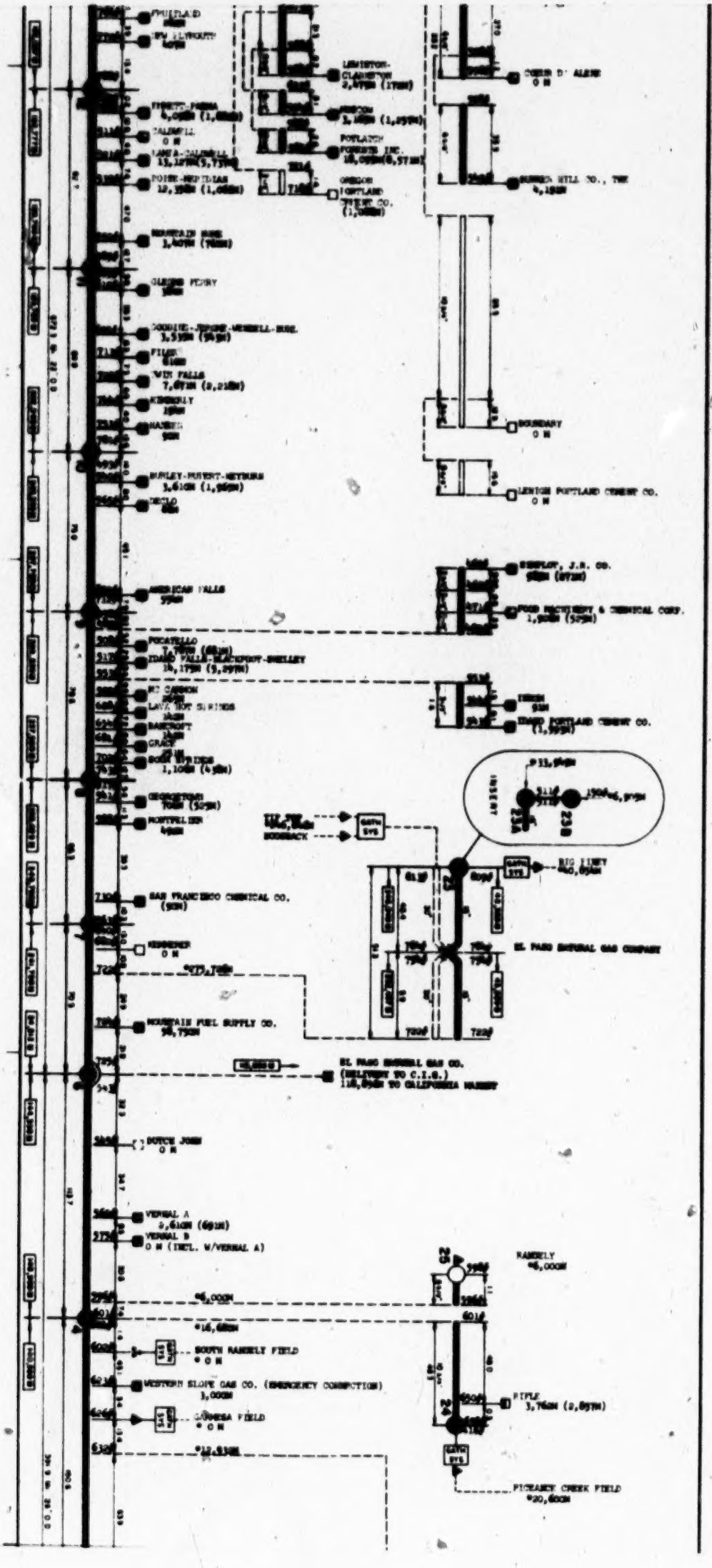
1. All pressures shown represent pressure in main line or lateral at points of connection.
2. Total gas sales are shown adjacent to the city or lateral lines where applicable.
3. Volumes in ( ) represent interruptible sales.
4. Volumes following ● represent supply.
5. Volumes in ▭ represent volumes into and out of each compressor station.

PACIFIC NORTHWEST PIPELINE CORP.
SALT LAKE CITY UTAH

DESIGN CHART

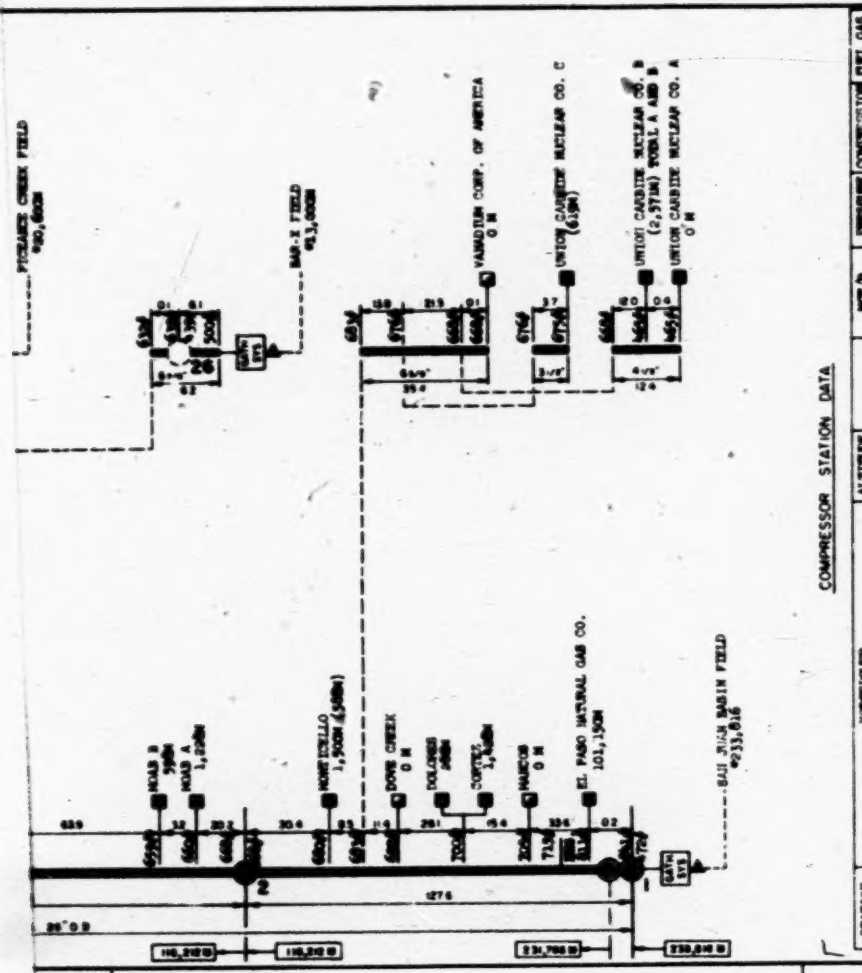
THIRD YEAR (1962) AVERAGE DAY


WESTCOAST TRANSMISSION CO. LIMITED
EL PASO NATURAL GAS CO.
101,150M
EL PASO NATURAL GAS CO.
101,150M
ANACORTES-BURLINGTON-SEDRO WOOLEY
12,335M (11,16M)
MT. VERNON
1,175M (69M)
MARYSVILLE
O M
STANWOOD
68M
BELLINGHAM
25,703M (21,521M)
LONE STAR CEMENT CORP.
6,667M
EVERETT-
N. SEATTLE
39,013M (19,071M)
ISSAQUAH-SEATTLE
M (INCL. W/N. & S. SEATTLE)
KENNICAM-BUCKLEY
599M
BUCKLEY
O M
S. SEATTLE
28,373M (13,562M)
TACOMA
19,507M (9,324M)
CENTRALIA-CHEHALIS
68M (42M)
WINLOCK
O M
CASTLE ROCK
38M
LONGVIEW-KELSO
31,720M (28,756M)
WOODLAND
18M
CARAS-WASHOUGAL
10,133M (3,809M)
PORTLAND
O M
EUGENE
OM
VANCOUVER
116,53MM (43,810M)
(Includes Portland
and Vancouver)
THE DALLES
O M
OLYMPIA
(88M)
MC CHORD
O M
WENATCHEE
2,686M (426M)
ALUMINUM CO. OF AMERICA
(1,667M)
QUincy-SOAP LAKE-ETHATA
O M
ELLENSBURG
1,66M
YAKIMA-UNION GAP
6,513M (1,278M)
TOPPENISH-ZILLAH-GRANGER-WAPATO
14,171M (12,443M)
SUNNYSIDE
1,008M
GRANDVIEW
40TM
PROSSER
38M
PENDLETON
4,135M (758M)
ATHENA-WESTON
O M (INCL.
W/PENDLETON)
MILTON-FREEWATER
WALLA WALLA
1,981M (555M)
LA GRANDE
1,645M (188M)
BAKER B
O M (INCL. W/BAKER A)
BAKER A
1,68M (42M)
ENTERPRISE-JOSEPH
ELGIN-MILTON
PHILOMATH
MONMOUTH-INDEPENDENCE
ENDICOTT
O M
COLFAX
O M
PULLMAN
3,165M (1,257M)
LEWISTON-
CLARKSTON
2,47MM (17MM)
MOSCOW
3,165M (1,257M)
PHILLIPS PACIFIC
CHEMICAL CO.
12,38M (3,809M)
KENNEWICK
1,050M (92M)
PASCO
84M
RICHLAND
O M
U.S. ATOMIC ENERGY
COMMISSION
O M
NEZPERCE
O M
HEYBURN
O M
SPOKANE B
O M (INCL. W/SPOKANE A)
SPOKANE A
46,41MM
COEUR D' ALENE
O M


LEWISTON-CLARKSTON
OREGON
PORTLAND
OREGON PORTLAND CEMENT CO.
(1,000M)
BOISE-PAYETTE LUMBER CO.
0 M
BURRIS HILL NO., THE
4,100M
BOUNDARY
0 M
LEHIGH PORTLAND CEMENT CO.
0 M
AMERICAN FALLS
95MM
POCATELLO
IDAHO FALLS-BLACKFOOT-SHELLEY
10,175M (5,895M)
LAVA HOT SPRINGS
1AGM
BANCROFT
1AGM
GRACE
1AGM
SODA SPRINGS
1,100M (450M)
MONTPELIER
4MGM
BIG INLET
40,000M
SAN FRANCISCO CHEMICAL CO.
(90M)
KEMMERER
0 M
EL PASO NATURAL GAS COMPANY
MOUNTAIN FUEL SUPPLY CO.
98,750M
EL PASO NATURAL GAS CO.
(DELIVERY TO C.I.S.)
DUTCH JOHN
0 M
VERNAL A
2,610M (691M)
VERNAL B
0 M (INCL. W/VERNAL A)
RAMBLY
*6,000M
*16,680M
SOUTH RAMBLY FIELD
* 0 M
WESTERN SLOPE GAS CO. (EMERGENCY CONSUMPTION)
1,000M
*12,830M
PITTS
3,760M (2,895M)
PICEANCE CREEK FIELD
*20,600M

11156

FPC DOCKET No 6-
EXHIBIT G-1
PAGE OF



COMPRESSOR STATION DATA

STATION NUMBER	HORSEPOWER AUTHORIZED	HORSEPOWER INSTALLED	HORSEPOWER PROJ. ADD.	HORSEPOWER REQUIRED	ALTITUDE IN FEET	FACTOR	MCF/D PUMPED	PRESSURE IN OUT	COMPRESSION RATIO	FUEL GAS MCF/D
1	12,000	12,000	0	7,500	6,643	(5) 0.860 (1) 1.000	197,265	811	1.78	1,750
2	2,000	2,000	0	1,250	6,643	0.835	34,320	818	1.73	300
3	6,000	6,000	0	3,000	5,873	0.854	118,812	568	1.00	0
4	6,000	6,000	0	3,500	5,500	0.851	118,812	561	1.08	720
5	6,000	6,000	0	6,000	6,118	0.847	240,750	770	1.21	1,080
6	6,000	6,000	0	6,000	6,530	0.844	237,624	716	1.18	1,350
7	6,000	6,000	0	6,000	6,615	0.841	237,624	716	1.18	1,350
8	4,500	4,500	0	4,500	4,860	0.841	207,792	716	1.61	1,200
9	4,500	4,500	0	3,500	3,500	0.847	200,376	716	1.65	1,080
10	4,500	4,500	0	3,500	3,500	0.847	189,497	716	1.65	1,080
11	6,000	6,000	0	3,000	3,313	0.847	130,350	716	1.51	720
12	6,000	6,000	0	7,500	7,333	0.776	321,288	829	1.97	1,800
13	6,000	6,000	0	6,000	7,333	0.779	301,488	829	1.97	1,650
14	1,320	1,320	0	1,000	7,333	0.779	6,739	829	1.97	166
15	220	Certificated, but not installed	0	266	7,652	0.733	20,442	511	2.13	300
16	840	840	0		4,800	1.000	12,932	613	1.48	96
(1) Gathering Facilities										

LEGEND

Pipe Lines

- Constructed
- Certificated, but not constructed
- Certificate applied for

Compressor Stations (Existing and Proposed)

- Constructed
- Certificated, but not constructed
- Certificate applied for

Process Plant (Existing and Proposed)

- Constructed
- Future

Points of Connection (Existing and Proposed)

Sales

- Certificated, Installed, and In Service
- Certificated, Installed, and Not In Service
- Non-Jurisdictional Sale, In Service
- Certificated, but not Installed
- Authorization Pending
- Proposed this application

Gas Supply

- Present Connection
- Proposed Connection

Pressure, Volume, Pipe Size, and Distance Symbols

- 796 # — Pounds per square inch absolute
- 330 M — Volume in thousand standard cubic feet per day
- 10 3/4" — Outside diameter of pipe in inches
- 47 — Pipe length in miles

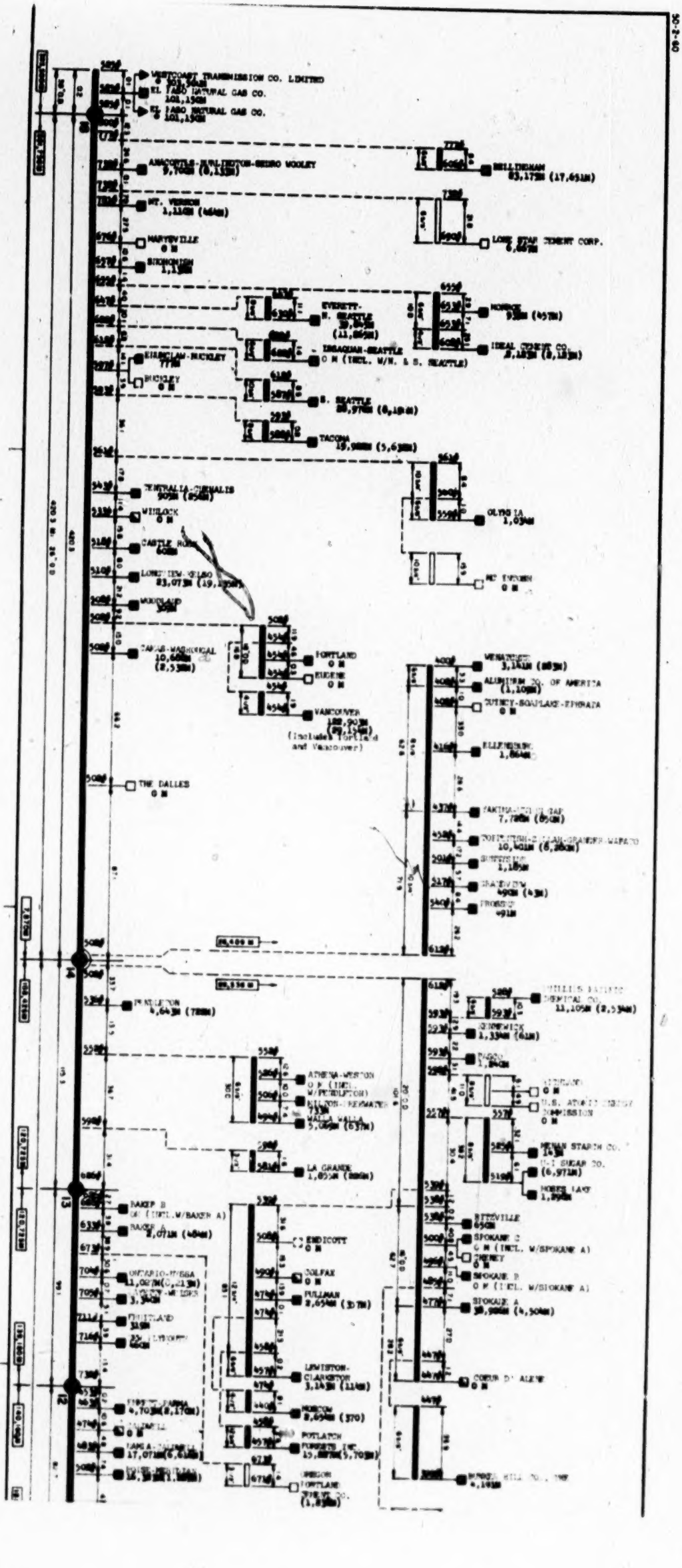
NOTES

1. All pressures shown represent pressure in main line or lateral at points of connection.
2. Total gas sales are shown adjacent to the city or lateral lines where applicable.
3. Volumes in ( ) represent interruptible sales.
4. Volumes following * represent supply.
5. Volumes in ▭ represent volumes into and out of each compressor station.

PACIFIC NORTHWEST PIPELINE CORP.
SALT LAKE CITY, UTAH

DESIGN CHART

FIRST YEAR (1960) MAXIMUM DAY
1960-1961 HEATING SEASON
AND MAXIMUM CAPABILITIES


WESTCOAST TRANSMISSION CO. LIMITED
EL PASO NATURAL GAS CO.
EL PASO NATURAL GAS CO.
ANACONDA-KAISER-HEIDO VOOLEY
MT. VERNON
MARYSVILLE
SNOHOMISH
BELLINGHAM
LONE STAR CEMENT CORP.
EVERETT-N. SEATTLE
ISSAQUAH-SEATTLE
O M (INCL. W/N. & S. SEATTLE)
NORPAC
IDEAL CEMENT CO.
KIRKLAND-REDMOND
REDMOND
S. SEATTLE
TACOMA
CENTRALIA-CHEHALIS
WINLOCK
CASTLE ROCK
LONGVIEW-KELSO
KALAMA
OLYMPIA
MT. VERNON
CHEHALIS-WASHOUGAL
PORTLAND
EUGENE
VANCOUVER
(Include Portland and Vancouver)
THE DALLES
VERNONIA
ALBERTA SO. OF AMERICA
ELLENSBURG
YAKIMA-MOXEE-CAP
MOSES LAKE
PRESCOTT
PENDLETON
ATHENA-WESTON
O M (INCL. W/PENDLETON)
WALLA WALLA
LA GRANDE
BAKER B
O M (INCL. W/BAKER A)
BAKER A
ONTARIO-WYSSA
ENDICOTT
SOLFAX
PULLMAN
LEWISTON-CLARKSTON
MOSCOW
POTLATCH
POTLATCH INC.
MILLIS BAPTIST DENTAL CO.
QUINCY
PASCO
U.S. ATOMIC ENERGY COMMISSION
MOSES LAKE
ROYAL STARCH CO.
U-I SUGAR CO.
ELTOPIA
SPOKANE C
O M (INCL. W/SPOKANE A)
CHENEY
SPOKANE B
O M (INCL. W/SPOKANE A)
SPOKANE A
COEUR D' ALENE
KOOTENAI
O M
PRIEST RIVER
SANDPOINT
O M
BONNER'S FERRY
O M
PRIEST RIVER
SANDPOINT
BONNER'S FERRY
O M
KOOTENAI
O M
COEUR D' ALENE
O M
SPOKANE A
SPOKANE B
O M (INCL. W/SPOKANE A)
SPOKANE C
O M (INCL. W/SPOKANE A)
CHENEY
ELTOPIA
MOSES LAKE
ROYAL STARCH CO.
U-I SUGAR CO.
U.S. ATOMIC ENERGY COMMISSION
QUINCY
PASCO
MILLIS BAPTIST DENTAL CO.
PRESCOTT
PENDLETON
ATHENA-WESTON
O M (INCL. W/PENDLETON)
WALLA WALLA
LA GRANDE
BAKER B
O M (INCL. W/BAKER A)
BAKER A
ONTARIO-WYSSA
ENDICOTT
SOLFAX
PULLMAN
LEWISTON-CLARKSTON
MOSCOW
POTLATCH
POTLATCH INC.
VERNONIA
ALBERTA SO. OF AMERICA
ELLENSBURG
YAKIMA-MOXEE-CAP
MOSES LAKE
PRESCOTT
CHEHALIS-WASHOUGAL
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VANCOUVER
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REDMOND
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ISSAQUAH-SEATTLE
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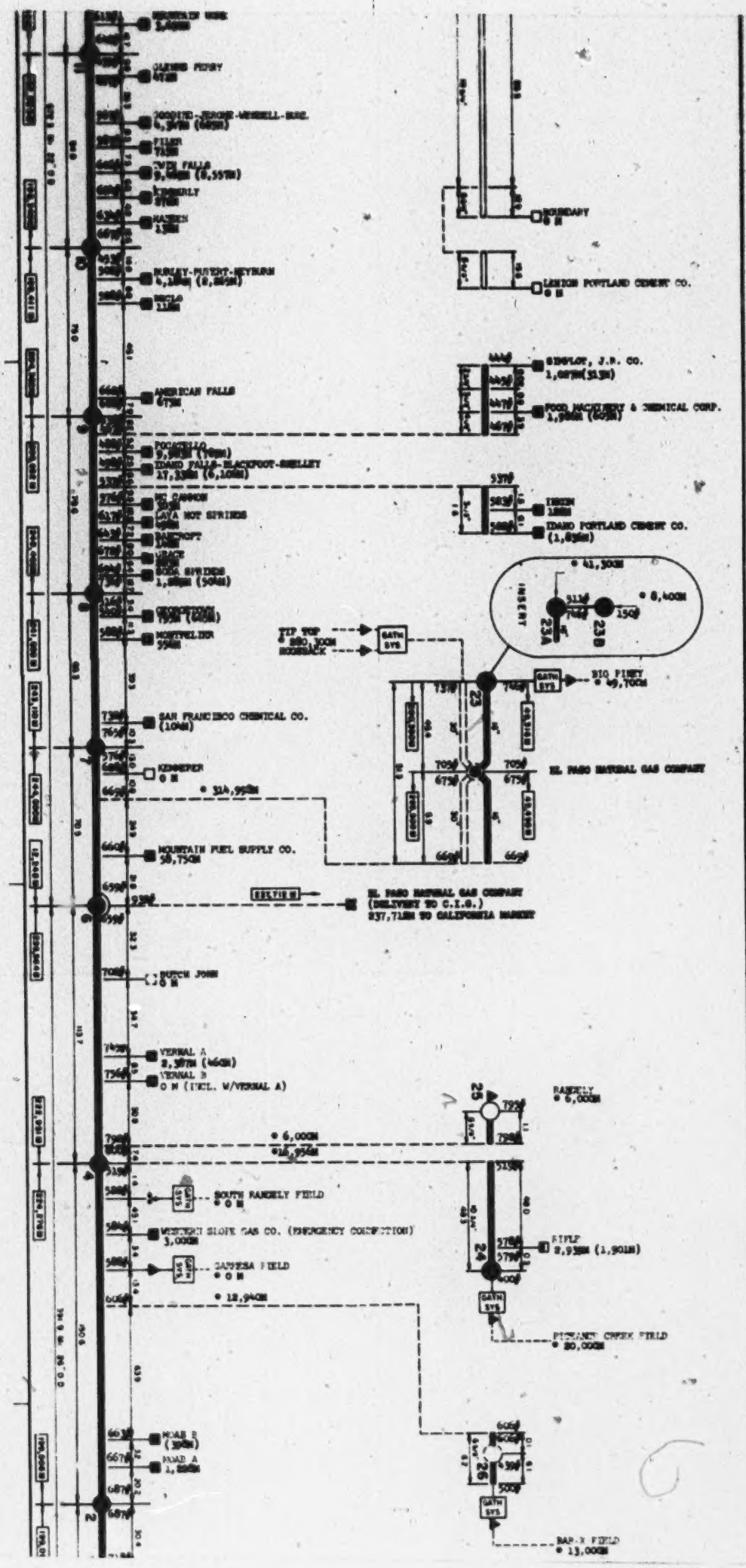
NORPAC
IDEAL CEMENT CO.
BELLINGHAM
LONE STAR CEMENT CORP.
ANACONDA-KAISER-HEIDO VOOLEY
MT. VERNON
MARYSVILLE
SNOHOMISH
WESTCOAST TRANSMISSION CO. LIMITED
EL PASO NATURAL GAS CO.
EL PASO NATURAL GAS CO.


AMERICAN FALLS
6750
POCATELLO
IDAHO FALLS-BLACKFOOT-SHELLEY
17,330M (6,100M)
MONTPELIER
5900
SAN FRANCISCO CHEMICAL CO.
(10MM)
KEMMERER
O M
31A,950M
MOUNTAIN FUEL SUPPLY CO.
50,750M
EL PASO NATURAL GAS COMPANY
(DELIVERY TO C.I.G.)
837,712M TO CALIFORNIA MARKET
DUTCH JOHN
O M
VERNAL A
2,387M (46MM)
VERNAL B
O M (INCL. W/VERNAL A)
6,000M
12,950M
SOUTH BARRELY FIELD
O M
WESTERN SLOPE GAS CO. (EMERGENCY CONNECTION)
3,000M
SANTESA FIELD
O M
12,940M
MOAB B
(300M)
MOAB A
1,500M
BARRELY
6,000M
RIFLE
2,930M (1,901M)
FIDDLER CREEK FIELD
20,000M
BAR-X FIELD
13,000M
INSERT
41,300M
8,400M
23A
23B
150
TIP TOP
880,300M
ROSEBACK
BIG PINEY
49,700M
EL PASO NATURAL GAS COMPANY
IDAHO PORTLAND CEMENT CO.
(1,850M)
LEHIGH PORTLAND CEMENT CO.
O M
SIMPLOT, J.R. CO.
1,087M(513M)
FOOD MACHINERY & CHEMICAL CORP.
1,598M (603M)
CAVA HOT SPRINGS
SODA SPRINGS
1,080M (504M)
GATH SYS

FPC DOCKET No G- 11157
EXHIBIT G-1
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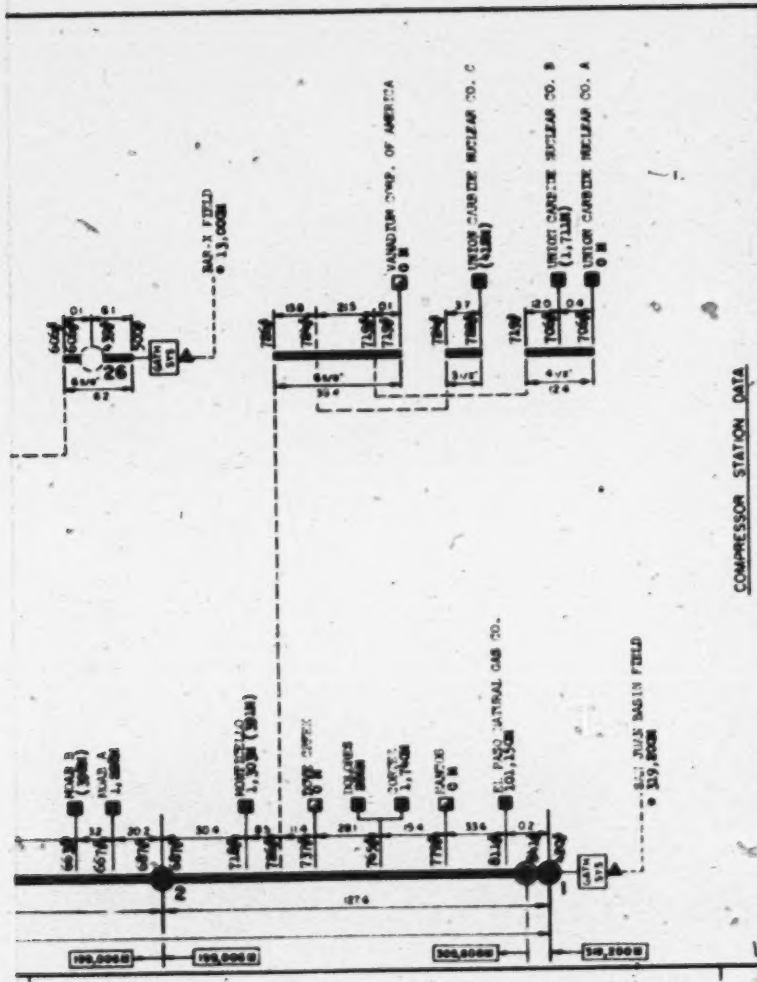

COMPRESSOR STATION DATA

STATION NUMBER	AUTHORIZED	INSTALLED	NOMINATED IND.	NOMINATED SEC.	REQUIRED	ALTITUDE (ft) VOLT	FACTOR	RECIP'D PURCHD	PRESSURE IN	PRESSURE OUT	COMPRESSION RATIO	FUEL GAS MCF/D
1	18,000	18,000	0	Certificated but not Installed 440	18,060	6,643	(5) 0.956 (11) 1.000	269,870	460	841	8.00	8,500
2	18,000	18,000	0	Certificated but not Installed 440	18,060	6,643	(5) 0.956 (11) 1.000	269,870	460	841	8.00	8,500

(1) Gathering Facilities

LEGEND

Pipe Lines

- Constructed
- Certificated, but not constructed
- Certificate applied for

Compressor Stations (Existing and Proposed)

- Constructed
- Certificated, but not constructed
- Certificate applied for

Process Plant (Existing and Proposed)

- Constructed
- Future.

Points of Connection (Existing and Proposed)

Sales

- Certificated, Installed, and In Service
- Certificated, Installed, and Not In Service
- Non-Jurisdictional Sale, In Service
- Certificated, but not Installed
- Authorization Pending
- Proposed, this application

Gas Supply

- Present Connection
- Proposed Connection

Pressure, Volume, Pipe Size, and Distance Symbols

- 766 f — Pounds per square inch absolute
- 330 M — Volume in thousand standard cubic feet per day
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NOTES

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5. Volumes in [ ] represent volumes into and out of each compressor station.

PACIFIC NORTHWEST PIPELINE CORP.
SALT LAKE CITY UTAH

DESIGN CHART

THIRD YEAR (1962) MAXIMUM DAY
1962-1963 HEATING SEASON
AND MAXIMUM CAPABILITIES